

CITY OF FRISCO TEXAS



MONTHLY FINANCIAL REPORTS

FOR THE MONTH OF SEPTEMBER 2008

PRESENTED TO COUNCIL NOVEMBER 18, 2008



FINANCIAL SERVICES DEPARTMENT

Staff Report

To: Honorable Mayor Maso and the Frisco City Council

Thru: George Purefoy, City Manager
Nell Lange, Assistant City Manager

From: Anita Cothran, Finance Director
Kim Sinclair, Assistant Finance Director

Date: November 12, 2008

Re: Monthly Report for September 2008 – Preliminary Annual Report

Financial Report Summary:

The Budget Summary Report provides financial information for the month of September 2008, for our operating funds, with preliminary unaudited year to date totals for fiscal year 2008 and comparative numbers for fiscal year 2007. This report is our preliminary annual financial report.

Comparative Data: The total General Fund revenues of \$71,257,558 represent 102% of the revised budget. This is a 13% increase over prior year collections of \$63,092,929. Total expenditures are 99% of the budget at \$71,823,532. The operating fund reflects total expenditures over revenues or a decrease in fund balance of \$565,974 at September 30.

The total Utility Fund revenues of \$36,106,022 are 90% of the revised budget. The total percentage of expenses to budget is 97% for FY 2008, compared to 100% for FY 2007. Expenses exceed revenue collections by \$5,303,440 for the fiscal year.

The Environmental Services Fund total revenue collections of \$9,050,400 are at 103% of the budget, while spending levels reflect 92% of the budget expended. The overall fund performance reflects revenues over expenses of \$1,647,531 for the fiscal year.

The Hotel Motel Fund revenue collections for FY 2008 year to date are \$2,620,376. This is an 11% increase over prior year collections due to three new hotels opening during the year. The total FY 2008 expenditures are \$2,615,444, or 98% of the budget, compared to \$2,420,012 expended last year, an 8% increase. Overall fund performance reflects revenues over expenditures of \$4,932.

Financial Report Analysis: Financial schedules are provided for your review; one provides department totals, the other schedule provides division detail.

These reports reflect financial activity through the end of the fiscal year and are preliminary. During the months of October and November we book various end of year adjustments and accruals. General Fund revenues and expenditures ended the year favorably when compared to the revised budget. Property tax collections were 21% and sales tax collections were 4% above FY 2007 collections. Development Services revenue collections were 15% lower than the prior year collections, but at 103% of projections. The opening of the Frisco Athletic Center is reflected in the increase in Parks & Recreation fee revenues for the fiscal year. Overall, for the General Fund, we had projected a decrease in fund balance of \$2,461,827 and we are actually seeing a decrease in fund balance of only \$565,974. The difference is attributed to approximately \$1,200,000 more in revenue collections than originally projected. Expenditures are approximately \$970,000 less than projected in the revised budget with every city department in the general fund coming in less than originally projected.

Water and sewer sales have increased from the prior fiscal year by 24% and 9% respectively. Even with this increase, sales did not meet the projected targets and account for a shortfall in revenues when compared to budget. The Utility Fund expenses were in-line with budget projections with 97% expended at 9/30. The total fund expenses exceed revenues by \$5,303,440. We will be bringing the new rate structure recommendation for this fund to the next council meeting, which should improve the Utility Fund working capital reserves for operations in FY 09.

Finance Division:

The Frisco Association for the Arts Quarterly Report for the period ending September 30, 2008 is attached for your review.

The external auditors will be on-site during the month of January. Staff will submit audited financial reports for your consideration and approval at the first meeting in March 2009. We met with the Audit and Budget Committee on Friday, November 7 to discuss the Fiscal Year 2008 Audit Engagement and calendar.

The Finance Division received notice during September that our September 30, 2007, Comprehensive Annual Financial Report qualified for the Certificate of Achievement for Excellence in Financial Reporting, with all grading categories of Proficient. This is the eighth consecutive certificate that we have received from the Government Finance Officers Association. We will present the plaque to the City Council later next year, but wanted you to be aware of this significant accomplishment. Congratulations to Kim Sinclair, Assistant Finance Director, and the entire finance division staff for their accomplishment in attaining the certificate for the City.

Volume indicators for the Finance division for the month are provided below:

| | September 2008 | YTD 2008 | September 2007 | YTD 2007 | YTD % Change |
|---------------------------|---------------------------|---------------------|---------------------------|---------------------|-------------------------|
| AP checks issued | 1,587 | 18,210 | 1,874 | 18,397 | -1.02% |
| Payroll checks issued | 2,150 | 24,096 | 1,710 | 18,803 | 28.15% |
| Payroll changes processed | 1,145 | 9,172 | 255 | 3,892 | 135.66% |
| Journal Vouchers | 200 | 1,366 | 419 | 2,675 | -48.93% |
| NSF Checks processed | 42 | 598 | 68 | 506 | 18.18% |

Investment Report Summary @ 9/30/2008

| | |
|-------------------------|-----------------------|
| Texpool Investment Pool | \$ 27,374,627 |
| TexStar Investment Pool | 174,857,064 |
| Investments | <u>135,588,000</u> |
| Total Portfolio | <u>\$ 337,819,691</u> |

| | |
|----------------------------|---------|
| Texpool Yield | 2.4068% |
| TexStar Yield | 2.2986% |
| Investment Portfolio Yield | 3.3200% |

Revenue Collections Division:

Property tax collections for the month are included in the report provided by the County Tax Assessor/Collector (attached). This report is the annual report for the year ended September 30, 2008. Property tax collections totaled \$57,590,158 for all funds or 102.78% of the levy – including rollback taxes and delinquent collections from prior years. The outstanding balance for all delinquent taxes is \$989,495 at September 30, 2008. We have attached the 2008 Tax Roll Turnover Analysis submitted by the delinquent tax attorney firm, Linebarger, Googan, Blair & Sampson, LLP. Tracy Pounders, Partner with the law firm presented this report at the November 7, 2008, Audit Committee meeting.

Statistics regarding activity for the Utility Billing division are provided below:

| | Sept 2008 | Sept 2007 | YTD % Change |
|---|-----------|-----------|-----------------|
| Customers/accounts | 37,153 | 35,709 | 4% |
| # new meter sets | 149 | 94 | 58.5% |
| # new customers | 264 | 303 | -13% |
| # disconnects/month | 296 | 226 | 31% |
| # move in/out readings | 320 | 334 | -4.2% |
| # of on-line payments | 2,801 | 2,105 | 33.1% |
| On-line payments | \$354,587 | \$209,689 | 69% |
| *% customers paying on-line | 7% | 6% | N/A |
| **% payments made on-line | 7% | 7% | N/A |
| # of bank draft payments | 3,481 | 2,432 | 43% |
| Bank draft payments | \$410,617 | \$241,384 | 70.1% |
| * Total payments processed were 39,588 and 2,801 were online payments. ** Total payments equal \$5,112,206 and \$354,587 were online payments. | | | |

Purchasing Division:

Purchasing Division activity included continuing operational purchases and purchases for capital projects. Staff awarded bids/purchase orders over \$25,000 as follows:

- Approval of a change order to Centerline Supply, Inc., for the purchase of pavement marking materials
- Approval of a Change Order to the Professional Service Agreement with Southwest Geoscience for additional services related to the closing of the Stewart Creek Waste Water Treatment Plant.

Statistics for the month are provided in the table below:

| | Sept 2008 | YTD FY 08 | Sept 2007 | YTD FY 07 | Monthly % Change | YTD % Change |
|----------------------------|----------------------|----------------------|----------------------|----------------------|---------------------------------|-----------------------------|
| Purchase orders > \$500 | 71 | 1,812 | 100 | 1,850 | -41% | +2% |
| DPO < \$500 | 441 | 6,346 | 345 | 6,030 | +27% | +5% |

| | | | | | | |
|---|---------|----------|---------|---------|-------|---------|
| Contract Postal Unit / Toll tag Store Transactions | 1,748 | 13,450 | 559 | 559 | +213% | +2,306% |
| Stamps sold | \$1,401 | \$39,796 | \$2,440 | \$4,713 | -43% | +744% |
| Metered Mail | \$1,526 | \$21,950 | \$2,245 | \$4,823 | -32% | +355% |
| Total | \$2,927 | \$61,746 | \$4,685 | \$9,536 | -38% | +548% |
| Toll tags Issued | 81 | 840 | 56 | 101 | +45% | +732% |

Municipal Court Activity:

The court processed 1,815 new citations for the month of September. Of these, 93% were for traffic violation, 3% were for city ordinance violations, and 4% were for other class C misdemeanor charges. The Municipal Court referred 8 juveniles to the Frisco Teen Court Program.

Statistics for the month are provided below:

| | Sept 2008 | YTD FY 08 | Sept 2007 | YTD FY 07 | YTD % Change |
|---|----------------------|----------------------|----------------------|----------------------|-------------------------|
| # Cases Filed | 1,938 | 22,174 | 1,756 | 19,810 | 12% |
| # Cases Closed | 1,807 | 23,793 | 1,535 | 19,429 | 22% |
| # Court Dates | 19 | 216 | 19 | 186 | 16% |
| # Warrants Issued | 549 | 4,893 | 269 | 4,874 | 0% |
| # Warrants Cleared | 274 | 4,818 | 226 | 5,037 | -4% |
| # Juvenile Cases | 85 | 841 | 62 | 830 | 1% |
| # Jury Trials Scheduled | 371 | 640 | 10 | 130 | 392% |
| # Bench Trials Scheduled | 24 | 291 | 30 | 350 | -17% |
| Phone/Online Payments | \$49,455 | \$587,053 | \$18,227 | \$191,832 | 206% |
| Phone/Online Pmts as % of Total Collected | 15.08% | 16.91% | 7.92% | 7.85% | 115% |
| Bond Forfeitures | \$75,500 | \$856,512 | \$57,245 | \$674,808 | 27% |
| Total Collections, incl. State Court Costs | \$327,942 | \$3,471,622 | \$230,097 | \$2,442,327 | 42% |
| City Revenue Collected | \$198,402 | \$2,207,513 | \$162,346 | \$1,541,895 | 43% |
| Revenue per Citation | \$109.80 | \$92.78 | \$105.76 | \$79.36 | 17% |
| | | | | | |

Supporting Documents: Budget Summary – September 2008
Sales Tax Revenue Report
Monthly Tax Report – Collin County
First Southwest Asset Management Report
Frisco Association for the Arts Quarterly Report
2008 Tax Roll Turnover Analysis

If we can be of further assistance, please contact us at (972) 292-5512 ksinclair@friscotexas.gov or (972) 292-5510 acothran@friscotexas.gov.

Staff assisting with this report:

Danny Collier, Financial Services Manager, 972-292-5513, dcollier@friscotexas.gov

Tanya Anderson, Accounting Manager, 972-292-5519, tanderson@friscotexas.gov

Angela Fair, Revenue Collections Manager, 972-292-5525, afair@friscotexas.gov

Tom Johnston, Purchasing Manager, 972-292-5540, tjohnston@friscotexas.gov

Matthew Freeman, Court Administrator, 972-335-5565, x116, mfreeman@friscotexas.gov

Budget Summary for September - Preliminary
Fiscal Year 2008
(Compare to 100.00%)

| | Revised FY 2008 Budget | Monthly Actual | % of Bdgt | YTD Actual | % of Bdgt | FY 2007 Actual | Monthly Actual | % of YTD Act | YTD Actual | % of YTD Act | % Inc /(Dec) 07/08 |
|---------------------|------------------------------|-------------------|--------------|-------------------|--------------|-------------------|-------------------|-----------------|-------------------|-----------------|--------------------------|
| Gen Fund Rev | | | | | | | | | | | |
| Prop Tax | 28,000,203 | 105,536 | 0% | 28,251,822 | 101% | 23,283,733 | 147,005 | 1% | 23,283,733 | 100% | 21% |
| Sales Tax | 19,939,109 | 1,684,758 | 8% | 19,745,069 | 99% | 18,988,310 | 1,657,380 | 9% | 18,988,310 | 100% | 4% |
| Beverage Tax | 349,254 | 121,568 | 35% | 429,179 | 123% | 366,403 | 102,985 | 28% | 366,403 | 100% | 17% |
| Franchise Tax | 6,125,672 | 12,209 | 0% | 5,900,473 | 96% | 6,018,858 | 841,120 | 14% | 6,018,858 | 100% | -2% |
| P & Z Fees | 254,800 | 7,778 | 3% | 200,878 | 79% | 286,626 | 14,813 | 5% | 286,627 | 100% | -30% |
| Bldg Permits | 5,642,245 | 313,193 | 6% | 5,835,663 | 103% | 6,826,966 | 308,634 | 5% | 6,826,966 | 100% | -15% |
| Fire & Amb Fees | 1,298,158 | 186,271 | 14% | 1,564,378 | 121% | 1,079,423 | 149,930 | 14% | 1,079,423 | 100% | 45% |
| Misc Fees/Charges | 686,400 | 234,536 | 34% | 907,652 | 132% | 937,222 | 228,857 | 24% | 937,222 | 100% | -3% |
| Fines | 2,012,864 | 151,519 | 8% | 2,033,673 | 101% | 1,472,239 | 193,859 | 13% | 1,472,239 | 100% | 38% |
| Parks & Recreation | 2,912,252 | 187,670 | 6% | 3,531,878 | 121% | 663,673 | (65,891) | -10% | 663,673 | 100% | 432% |
| Library | 83,948 | 798 | 1% | 119,336 | 142% | 84,827 | 2,309 | 3% | 84,827 | 100% | 41% |
| Police Fees | 866,400 | 56,496 | 7% | 937,364 | 108% | 918,613 | 85,897 | 9% | 918,613 | 100% | 2% |
| Interest | 1,496,000 | 71,806 | 5% | 1,382,942 | 92% | 1,943,286 | 131,004 | 7% | 1,943,286 | 100% | -29% |
| Non-departmental | 363,000 | 108,967 | 30% | 417,250 | 115% | 222,750 | 54,929 | 25% | 222,750 | 100% | 87% |
| | | | | | | | | | | | |
| Total | 70,030,305 | 3,243,105 | 5% | 71,257,558 | 102% | 63,092,929 | 3,852,831 | 6% | 63,092,929 | 100% | 13% |

| | | | | | | | | | | | |
|---------------------|--------------------|--------------------|------------|-------------------|------------|-------------------|---------------------|------------|-------------------|-------------|------------|
| Gen Fund Exp | | | | | | | | | | | |
| Admin | 4,827,237 | 671,975 | 14% | 4,812,863 | 100% | 4,128,038 | 602,784 | 15% | 4,128,038 | 100% | 17% |
| Finance | 9,003,072 | 1,092,539 | 12% | 8,965,707 | 100% | 7,695,371 | 1,098,975 | 14% | 7,695,371 | 100% | 17% |
| Police | 15,839,500 | 2,218,123 | 14% | 15,823,641 | 100% | 13,435,661 | 1,691,749 | 13% | 13,435,661 | 100% | 18% |
| Fire | 15,931,211 | 2,320,601 | 15% | 15,826,161 | 99% | 12,674,260 | 1,860,682 | 15% | 12,674,260 | 100% | 25% |
| Public Works | 5,074,879 | 653,745 | 13% | 5,032,539 | 99% | 4,228,372 | 629,804 | 15% | 4,228,372 | 100% | 19% |
| Human Resources | 893,949 | 122,386 | 14% | 873,834 | 98% | 815,540 | 163,942 | 20% | 815,540 | 100% | 7% |
| Library | 2,547,525 | 362,989 | 14% | 2,528,050 | 99% | 1,847,949 | 223,949 | 12% | 1,847,949 | 100% | 37% |
| Information Tech | 1,142,390 | 121,218 | 11% | 1,131,086 | 99% | 856,188 | 101,097 | 12% | 856,188 | 100% | 32% |
| Parks & Rec | 8,056,039 | 1,109,520 | 14% | 7,977,900 | 99% | 4,890,364 | 809,053 | 17% | 4,890,364 | 100% | 63% |
| Engineering Serv. | 1,695,891 | 212,469 | 13% | 1,516,263 | 89% | 1,370,781 | 314,438 | 23% | 1,370,781 | 100% | 11% |
| Development Serv. | 4,929,786 | 580,866 | 12% | 4,836,503 | 98% | 4,432,745 | 501,240 | 11% | 4,432,745 | 100% | 9% |
| Non-departmental | 2,550,653 | 1,676,389 | 66% | 2,498,985 | 98% | 6,539,295 | 5,970,395 | 91% | 6,539,295 | 100% | -62% |
| | | | | | | | | | | | |
| Total | 72,492,132 | 11,142,820 | 15% | 71,823,532 | 99% | 62,914,564 | 13,968,108 | 22% | 62,914,564 | 100% | 14% |
| Rev-Exp | (2,461,827) | (7,899,715) | | (565,974) | | 178,365 | (10,115,277) | | 178,365 | | |

Budget Summary for September - Preliminary
Fiscal Year 2008
(Compare to 100.00%)

| | Revised FY 2008 Budget | Monthly Actual | % of Bdgt | YTD Actual | % of Bdgt | FY 2007 Actual | Monthly Actual | % of YTD Act | YTD Actual | % of YTD Act | % Inc /(Dec) 07/08 |
|--------------------|------------------------------|-------------------|--------------|-------------------|--------------|-------------------|-------------------|-----------------|-------------------|-----------------|--------------------------|
| Utility Rev | | | | | | | | | | | |
| Water | 25,381,372 | 2,189,922 | 9% | 23,515,475 | 93% | 18,948,393 | 3,413,339 | 18% | 18,948,393 | 100% | 24% |
| Sewer | 10,991,597 | 1,012,800 | 9% | 10,008,813 | 91% | 9,211,478 | 1,130,088 | 12% | 9,211,478 | 100% | 9% |
| Inspection | 663,924 | 115,042 | 17% | 601,108 | 91% | 2,017,077 | 155,617 | 8% | 2,017,077 | 100% | -70% |
| Interest | 546,447 | 13,119 | 2% | 382,058 | 70% | 970,793 | 45,555 | 5% | 970,793 | 100% | -61% |
| Misc | 2,580,000 | (345,174) | -13% | 1,598,568 | 62% | 102,372 | 12,716 | 12% | 102,372 | 100% | 1462% |
| | | | | | | | | | | | |
| Total | 40,163,340 | 2,985,709 | 7% | 36,106,022 | 90% | 31,250,113 | 4,757,315 | 15% | 31,250,113 | 100% | 16% |

| | | | | | | | | | | | |
|--------------------|--------------------|--------------------|------------|--------------------|------------|-------------------|------------------|-----------|--------------------|-------------|------------|
| Utility Exp | | | | | | | | | | | |
| Gen Govt-GIS | 1,476,483 | 175,398 | 12% | 1,404,353 | 95% | 1,160,819 | 204,724 | 18% | 1,160,819 | 100% | 21% |
| Finance-UB | 877,807 | 128,425 | 15% | 821,118 | 94% | 732,388 | 131,236 | 18% | 732,388 | 100% | 12% |
| Public Works | 25,594,221 | 3,009,176 | 12% | 24,936,031 | 97% | 22,239,157 | 1,019,283 | 5% | 22,239,157 | 100% | 12% |
| Bldg Insp Support | 144,198 | 19,523 | 14% | 147,368 | 102% | 151,470 | 17,508 | 12% | 151,470 | 100% | -3% |
| Engineering | 2,917,482 | 462,112 | 16% | 2,808,532 | 96% | 2,122,743 | 392,238 | 10% | 2,122,743 | 100% | 32% |
| Non Depart | 11,703,154 | 934,811 | 8% | 11,292,060 | 96% | 8,560,510 | 820,578 | 10% | 8,560,510 | 100% | 32% |
| | | | | | | | | | | | |
| Total | 42,713,345 | 4,729,445 | 11% | 41,409,462 | 97% | 34,967,087 | 2,585,567 | 7% | 34,967,087 | 100% | 18% |
| Rev-Exp | (2,550,005) | (1,743,736) | | (5,303,440) | | | 2,171,748 | | (3,716,974) | | |

| | | | | | | | | | | | |
|----------------------|----------------|----------------|-----|------------------|------|-----------|--------------------|-----|---------------|------|-----|
| Environmental | | | | | | | | | | | |
| Revenue | 8,756,560 | 853,921 | 10% | 9,050,400 | 103% | 7,972,534 | 1,018,144 | 13% | 7,972,534 | 100% | 14% |
| Expenses | 8,024,613 | 459,966 | 6% | 7,402,869 | 92% | 7,888,229 | 2,175,443 | 28% | 7,888,229 | 100% | -6% |
| Rev-Exp | 731,947 | 393,955 | | 1,647,531 | | | (1,157,299) | | 84,305 | | |

| | | | | | | | | | | | |
|--------------------|-----------------|----------------|-----|--------------|------|-----------|----------------|-----|-----------------|------|-----|
| Hotel/Motel | | | | | | | | | | | |
| Revenue | 2,631,823 | 479,253 | 18% | 2,620,376 | 100% | 2,356,507 | 374,343 | 16% | 2,356,507 | 100% | 11% |
| Expenses | 2,672,783 | 88,539 | 3% | 2,615,444 | 98% | 2,420,012 | 119,856 | 5% | 2,420,012 | 100% | 8% |
| Rev-Exp | (40,960) | 390,714 | | 4,932 | | | 254,487 | | (63,505) | | |

Budget Summary for September - Preliminary
Fiscal Year 2008
(Compare to 100.00%)

| | Revised FY 2008 Budget | Monthly Actual | % of Bdgt | YTD Actual | % of Bdgt | FY 2007 Actual | Monthly Actual | % of YTD Act | YTD Actual | % of YTD Act | % Inc /(Dec) 07/08 |
|---------------------|------------------------------|--------------------|--------------|-------------------|--------------|-------------------|---------------------|-----------------|-------------------|-----------------|--------------------------|
| Gen Fund Rev | | | | | | | | | | | |
| Prop Tax | 28,000,203 | 105,536 | 0% | 28,251,822 | 101% | 23,283,733 | 147,005 | 1% | 23,283,733 | 100% | 21% |
| Sales Tax | 19,939,109 | 1,684,758 | 8% | 19,745,069 | 99% | 18,988,310 | 1,657,380 | 9% | 18,988,310 | 100% | 4% |
| Beverage Tax | 349,254 | 121,568 | 35% | 429,179 | 123% | 366,403 | 102,985 | 28% | 366,403 | 100% | 17% |
| Franchise Tax | 6,125,672 | 12,209 | 0% | 5,900,473 | 96% | 6,018,858 | 841,120 | 14% | 6,018,858 | 100% | -2% |
| P & Z Fees | 254,800 | 7,778 | 3% | 200,878 | 79% | 286,626 | 14,813 | 5% | 286,627 | 100% | -30% |
| Bldg Permits/Fees | 5,642,245 | 313,193 | 6% | 5,835,663 | 103% | 6,826,966 | 308,634 | 5% | 6,826,966 | 100% | -15% |
| Fire & Amb Fees | 1,298,158 | 186,271 | 14% | 1,564,378 | 121% | 1,079,423 | 149,930 | 14% | 1,079,423 | 100% | 45% |
| Misc Fees/Charges | 686,400 | 234,536 | 34% | 907,652 | 132% | 937,222 | 228,857 | 24% | 937,222 | 100% | -3% |
| Fines | 2,012,864 | 151,519 | 8% | 2,033,673 | 101% | 1,472,239 | 193,859 | 13% | 1,472,239 | 100% | 38% |
| Parks & Recreation | 2,912,252 | 187,670 | 6% | 3,531,878 | 121% | 663,673 | -65,891 | -10% | 663,673 | 100% | 432% |
| Library | 83,948 | 798 | 1% | 119,336 | 142% | 84,827 | 2,309 | 3% | 84,827 | 100% | 41% |
| Police Fees | 866,400 | 56,496 | 7% | 937,364 | 108% | 918,613 | 85,897 | 9% | 918,613 | 100% | 2% |
| Interest | 1,496,000 | 71,806 | 5% | 1,382,942 | 92% | 1,943,286 | 131,004 | 7% | 1,943,286 | 100% | -29% |
| Non-departmental | 363,000 | 108,967 | 30% | 417,250 | 115% | 222,750 | 54,929 | 25% | 222,750 | 100% | 87% |
| Total | 70,030,305 | 3,243,105 | 4% | 71,257,558 | 102% | 63,092,929 | 3,852,831 | 6% | 63,092,929 | 100% | 13% |
| Gen Fund Exp | | | | | | | | | | | |
| Adm | 2,018,771 | 284,563 | 14% | 2,061,786 | 102% | 1,819,161 | 254,450 | 14% | 1,819,161 | 100% | 13% |
| PIO | 610,940 | 76,993 | 13% | 599,514 | 98% | 569,893 | 105,901 | 19% | 569,893 | 100% | 5% |
| City Secretary | 371,453 | 28,359 | 8% | 349,908 | 94% | 349,776 | 52,521 | 15% | 349,776 | 100% | 0% |
| City Council | 218,032 | 25,976 | 12% | 200,735 | 92% | 203,518 | 34,844 | 17% | 203,518 | 100% | -1% |
| Records Mgmt. | 136,524 | 17,182 | 13% | 133,166 | 98% | 123,231 | 18,658 | 15% | 123,231 | 100% | 8% |
| Bldg Serv | 1,471,517 | 238,902 | 16% | 1,467,754 | 100% | 1,062,459 | 136,410 | 13% | 1,062,459 | 100% | 38% |
| Finance Admin | 482,383 | 62,872 | 13% | 481,303 | 100% | 394,165 | 48,484 | 12% | 394,165 | 100% | 22% |
| Purchasing | 252,861 | 29,808 | 12% | 247,735 | 98% | 261,093 | 30,858 | 12% | 261,093 | 100% | -5% |
| Finance | 1,232,952 | 114,644 | 9% | 1,169,538 | 95% | 1,037,719 | 136,784 | 13% | 1,037,719 | 100% | 13% |
| Revenue Collections | 723,771 | 131,545 | 18% | 743,361 | 103% | 568,870 | 37,529 | 7% | 568,870 | 100% | 31% |
| Municipal Court | 1,186,427 | 170,301 | 14% | 1,210,537 | 102% | 897,512 | 123,903 | 14% | 897,512 | 100% | 35% |
| Support Serv | 2,031,525 | 223,660 | 11% | 1,954,752 | 96% | 1,678,580 | 286,167 | 17% | 1,678,580 | 100% | 16% |
| Sales Tax Grant | 3,093,153 | 359,709 | 12% | 3,158,481 | 102% | 2,857,432 | 435,250 | 15% | 2,857,432 | 100% | 11% |
| Pol-Admin | 891,378 | 107,865 | 12% | 873,618 | 98% | 801,803 | 100,560 | 13% | 801,803 | 100% | 9% |
| Pol-Services | 6,199,365 | 814,315 | 13% | 6,198,905 | 100% | 4,218,235 | 550,435 | 13% | 4,218,235 | 100% | 47% |
| Pol-Operations | 8,748,757 | 1,295,943 | 15% | 8,751,118 | 100% | 8,415,623 | 1,040,754 | 12% | 8,415,623 | 100% | 4% |
| Fire-Admin | 963,420 | 112,974 | 12% | 947,152 | 98% | 735,775 | 116,519 | 16% | 735,775 | 100% | 29% |
| Fire Suppression | 14,350,633 | 2,226,791 | 16% | 14,386,159 | 100% | 11,376,148 | 1,666,045 | 15% | 11,376,148 | 100% | 26% |
| EMS | 617,158 | -19,164 | -3% | 492,850 | 80% | 562,337 | 78,118 | 14% | 562,337 | 100% | -12% |
| PW-Streets | 2,678,178 | 300,235 | 11% | 2,626,922 | 98% | 2,332,171 | 285,165 | 12% | 2,332,171 | 100% | 13% |
| PW-Fleet Srv | 529,041 | 70,637 | 13% | 521,416 | 99% | 432,525 | 81,210 | 19% | 432,525 | 100% | 21% |
| PW-Traffic Cont. | 604,917 | 68,261 | 11% | 591,108 | 98% | 448,835 | 57,287 | 13% | 448,835 | 100% | 32% |
| PW-Street Lighting | 1,262,743 | 214,612 | 17% | 1,293,093 | 102% | 1,014,841 | 206,142 | 20% | 1,014,841 | 100% | 27% |
| Human Res | 893,949 | 122,386 | 14% | 873,834 | 98% | 815,540 | 163,942 | 20% | 815,540 | 100% | 7% |
| Info Technology | 1,142,390 | 121,218 | 11% | 1,131,086 | 99% | 856,188 | 101,097 | 12% | 856,188 | 100% | 32% |
| Library | 2,547,525 | 362,989 | 14% | 2,528,050 | 99% | 1,847,949 | 223,949 | 12% | 1,847,949 | 100% | 37% |
| Parks-Admin | 504,996 | 49,872 | 10% | 498,951 | 99% | 531,362 | 81,599 | 15% | 531,362 | 100% | -6% |
| Parks | 3,066,636 | 415,642 | 14% | 3,041,591 | 99% | 2,513,292 | 336,275 | 13% | 2,513,292 | 100% | 21% |
| Recreation | 3,990,476 | 589,710 | 15% | 3,953,312 | 99% | 1,517,272 | 352,023 | 23% | 1,517,272 | 100% | 161% |
| Median Develop. | 262,728 | 29,717 | 11% | 257,031 | 98% | 203,759 | 23,825 | 12% | 203,759 | 100% | 26% |
| CIP Planning | 231,203 | 24,579 | 11% | 227,015 | 98% | 124,679 | 15,331 | 12% | 124,679 | 100% | 82% |
| ES-Signal Control | 801,738 | 109,015 | 14% | 762,147 | 95% | 683,220 | 144,998 | 21% | 683,220 | 100% | 12% |
| ES-Transportation | 894,153 | 103,454 | 12% | 754,116 | 84% | 687,561 | 169,440 | 25% | 687,561 | 100% | 10% |
| Planning | 1,501,119 | 183,448 | 12% | 1,409,968 | 94% | 1,188,634 | 152,513 | 13% | 1,188,634 | 100% | 19% |
| Building Inspection | 2,868,657 | 348,946 | 12% | 2,867,994 | 100% | 2,774,755 | 318,223 | 11% | 2,774,755 | 100% | 3% |
| Animal Control | 560,010 | 48,472 | 9% | 558,541 | 100% | 469,356 | 30,504 | 6% | 469,356 | 100% | 19% |
| Non-departmental | 2,550,653 | 1,676,389 | 66% | 2,498,985 | 98% | 6,539,295 | 5,970,395 | 91% | 6,539,295 | 100% | -62% |
| Total | 72,492,132 | 11,142,820 | 15% | 71,823,532 | 99% | 62,914,564 | 13,968,108 | 22% | 62,914,564 | 100% | 14% |
| Rev-Exp | (2,461,827) | (7,899,715) | | (565,974) | | 178,365 | (10,115,277) | | 178,365 | | |

Budget Summary for September - Preliminary
Fiscal Year 2008
(Compare to 100.00%)

| | Revised FY 2008 Budget | Monthly Actual | % of Bdgt | YTD Actual | % of Bdgt | FY 2007 Actual | Monthly Actual | % of YTD Act | YTD Actual | % of YTD Act | % Inc /(Dec) 07/08 |
|--------------------|------------------------------|-------------------|--------------|-------------------|--------------|-------------------|-------------------|-----------------|-------------------|-----------------|--------------------------|
| Utility Rev | | | | | | | | | | | |
| Water | 25,381,372 | 2,189,922 | 9% | 23,515,475 | 93% | 18,948,393 | 3,413,339 | 18% | 18,948,393 | 100% | 24% |
| Sewer | 10,991,597 | 1,012,800 | 9% | 10,008,813 | 91% | 9,211,478 | 1,130,088 | 12% | 9,211,478 | 100% | 9% |
| Const Insp/Engin. | 663,924 | 115,042 | 17% | 601,108 | 91% | 2,017,077 | 155,617 | 8% | 2,017,077 | 100% | -70% |
| Interest | 546,447 | 13,119 | 2% | 382,058 | 70% | 970,793 | 45,555 | 5% | 970,793 | 100% | -61% |
| Misc | 2,580,000 | -345,174 | -13% | 1,598,568 | 62% | 102,372 | 12,716 | 12% | 102,372 | 100% | 1462% |
| | | | | | | | | | | | |
| Total | 40,163,340 | 2,985,709 | 7% | 36,106,022 | 90% | 31,250,113 | 4,757,315 | 15% | 31,250,113 | 100% | 16% |

| | | | | | | | | | | | |
|--------------------|--------------------|--------------------|------------|--------------------|------------|--------------------|------------------|------------|--------------------|-------------|------------|
| Utility Exp | | | | | | | | | | | |
| IT-GIS | 1,476,483 | 175,398 | 12% | 1,404,353 | 95% | 1,160,819 | 204,724 | 18% | 1,160,819 | 100% | 21% |
| Utility Billing | 877,807 | 128,425 | 15% | 821,118 | 94% | 732,388 | 131,236 | 18% | 732,388 | 100% | 12% |
| Water | 14,444,181 | 2,876,729 | 20% | 14,399,078 | 100% | 12,256,388 | 715,765 | 6% | 12,256,388 | 100% | 17% |
| Sewer | 9,215,329 | -370,799 | -4% | 8,523,280 | 92% | 7,660,476 | 149,164 | 2% | 7,660,476 | 100% | 11% |
| Meters | 1,934,711 | 503,246 | 26% | 2,013,673 | 104% | 2,322,293 | 154,354 | 7% | 2,322,293 | 100% | -13% |
| Building Insp Supp | 144,198 | 19,523 | 14% | 147,368 | 102% | 151,470 | 17,508 | 12% | 151,470 | 100% | -3% |
| Engineering-Adm | 567,827 | 56,564 | 10% | 554,473 | 98% | 447,321 | 106,016 | 24% | 447,321 | 100% | 24% |
| Const Inspec | 827,410 | 142,186 | 17% | 770,506 | 93% | 746,497 | 72,121 | 10% | 746,497 | 100% | 3% |
| Engineering | 1,522,245 | 263,362 | 17% | 1,483,553 | 97% | 928,925 | 214,101 | 23% | 928,925 | 100% | 60% |
| Non Departmental | 11,703,154 | 934,811 | 8% | 11,292,060 | 96% | 8,560,510 | 820,578 | 10% | 8,560,510 | 100% | 32% |
| Total | 42,713,345 | 4,729,445 | 11% | 41,409,462 | 97% | 34,967,087 | 4,564,142 | 13% | 34,967,087 | 100% | 18% |
| Rev-Exp | (2,550,005) | (1,743,736) | | (5,303,440) | | (3,716,974) | 193,173 | | (3,716,974) | | |

| | | | | | | | | | | | |
|----------------------|----------------|----------------|-----|------------------|------|---------------|-------------------|-----|---------------|------|-----|
| Environmental | | | | | | | | | | | |
| Revenues | 8,756,560 | 853,921 | 10% | 9,050,400 | 103% | 7,972,534 | 1,018,144 | 13% | 7,972,534 | 100% | 14% |
| Expenses | 8,024,613 | 459,966 | 6% | 7,402,869 | 92% | 7,888,229 | 2,175,443 | 28% | 7,888,229 | 100% | -6% |
| Rev-Exp | 731,947 | 393,955 | | 1,647,531 | | 84,305 | -1,157,299 | | 84,305 | | |

| | | | | | | | | | | | |
|--------------------|-----------------|----------------|-----|--------------|------|-----------------|----------------|-----|-----------------|------|-----|
| Hotel/Motel | | | | | | | | | | | |
| Revenues | 2,631,823 | 479,253 | 18% | 2,620,376 | 100% | 2,356,507 | 374,343 | 16% | 2,356,507 | 100% | 11% |
| Expenses | 2,672,783 | 88,539 | 3% | 2,615,444 | 98% | 2,420,012 | 119,856 | 5% | 2,420,012 | 100% | 8% |
| Rev-Exp | (40,960) | 390,714 | | 4,932 | | (63,505) | 254,487 | | (63,505) | | |

City of Frisco
Sales Tax Revenue Analysis

Fiscal Year Tracking - Cash Basis

| <u>Month Received</u> | <u>Monthly Receipts FY 2009</u> | <u>% Increase Ove Same Month Prior Year</u> | <u>FY 2008-09 Year to Date Total</u> | <u>FY 2008-09 Year to Date % Increase</u> | <u>Monthly Receipts FY 2008</u> | <u>% Increase Over Same Month Prior Year</u> | <u>FY 2007-08 Year to Date Total</u> | <u>FY 2007-08 Year to Date % Increase</u> |
|----------------------------------|--|--|---|--|--|---|---|--|
| Oct | 3,183,611 | 6.19% | 3,183,611 | 6.19% | 2,998,015 | 4.80% | 2,998,015 | 4.80% |
| Nov | - | 0.00% | - | 0.00% | 3,626,435 | 2.31% | 6,624,450 | 3.42% |
| Dec | - | 0.00% | - | 0.00% | 2,912,277 | 11.09% | 9,536,727 | 5.65% |
| Jan | - | 0.00% | - | 0.00% | 2,988,144 | 7.68% | 12,524,871 | 6.13% |
| Feb | - | 0.00% | - | 0.00% | 4,729,467 | 7.67% | 17,254,338 | 6.55% |
| Mar | - | 0.00% | - | 0.00% | 2,687,682 | 1.77% | 19,942,020 | 5.88% |
| April | - | 0.00% | - | 0.00% | 2,677,820 | 4.47% | 22,619,840 | 5.71% |
| May | - | 0.00% | - | 0.00% | 3,731,653 | 2.74% | 26,351,493 | 5.28% |
| Jun | - | 0.00% | - | 0.00% | 2,857,327 | -5.29% | 29,208,820 | 4.14% |
| Jul | - | 0.00% | - | 0.00% | 3,027,752 | 1.48% | 32,236,572 | 3.88% |
| Aug | - | 0.00% | - | 0.00% | 3,884,047 | 6.97% | 36,120,619 | 4.21% |
| Sept | - | 0.00% | - | 0.00% | 3,183,925 | 2.86% | 39,304,544 | 4.10% |
| Grand Total | 3,183,611 | | | | 2,998,015 | | | |
| General Fund | 1,591,806 | | | | 1,499,007 | | | |
| EDC/CDC | 795,903 | | | | 749,504 | | | |

City of Frisco
Sales Tax Revenue Analysis

Fiscal Year Tracking - Accrual Basis

| <u>Month</u> <u>Received</u> | <u>Monthly</u> <u>Receipts</u> <u>FY 2008</u> | <u>% Increase Over</u> <u>Same Month</u> <u>Prior Year</u> | <u>FY 2007-08</u> <u>Year to Date</u> <u>Total</u> | <u>% Increase</u> <u>YTD</u> <u>07-08</u> | <u>Month</u> <u>Received</u> | <u>Monthly</u> <u>Receipts</u> <u>FY 2007</u> | <u>% Increase Over</u> <u>Same Month</u> <u>Prior Year</u> | <u>FY 2006-07</u> <u>Year to Date</u> <u>Total</u> | <u>% Increase</u> <u>YTD</u> <u>06-07</u> |
|---------------------------------|---|--|--|---|---------------------------------|---|--|--|---|
| FY 08 | | | | | FY 07 | | | | |
| Dec | 2,912,277 | 11.09% | 2,912,277 | 11.09% | Dec | 2,621,643 | 7.72% | 2,621,643 | 7.72% |
| Jan | 2,988,144 | 7.68% | 5,900,421 | 9.34% | Jan | 2,774,997 | 9.03% | 5,396,640 | 8.39% |
| Feb | 4,729,467 | 7.67% | 10,629,888 | 8.59% | Feb | 4,392,564 | 3.66% | 9,789,204 | 6.22% |
| Mar | 2,687,682 | 1.77% | 13,317,570 | 7.14% | Mar | 2,640,879 | 8.48% | 12,430,083 | 6.69% |
| Apr | 2,677,820 | 4.47% | 15,995,390 | 6.68% | Apr | 2,563,143 | 11.69% | 14,993,226 | 7.51% |
| May | 3,731,653 | 2.74% | 19,727,043 | 5.91% | May | 3,632,167 | 6.69% | 18,625,393 | 7.35% |
| Jun | 2,857,327 | -5.29% | 22,584,370 | 4.35% | Jun | 3,017,028 | -4.13% | 21,642,421 | 5.59% |
| Jul | 3,027,752 | 1.48% | 25,612,122 | 4.00% | Jul | 2,983,484 | 8.23% | 24,625,905 | 5.90% |
| Aug | 3,884,047 | 6.97% | 29,496,170 | 4.39% | Aug | 3,630,813 | 4.12% | 28,256,718 | 5.67% |
| Sep | 3,183,925 | 2.86% | 32,680,095 | 4.24% | Sep | 3,095,451 | 9.03% | 31,352,169 | 5.99% |
| Oct | 3,183,611 | 6.19% | 35,863,706 | 4.41% | Oct | 2,998,015 | 4.80% | 34,350,184 | 5.89% |
| Nov* | 3,626,435 | 0.00% | 39,490,141 | 3.99% | Nov | 3,626,435 | 2.31% | 37,976,619 | 5.53% |
| Grand Total | 39,490,141 | | | | | 37,976,619 | | | |
| General Fund | 19,745,071 | | | | | 18,988,310 | | | |
| EDC/CDC | 9,872,535 | | | | | 9,494,155 | | | |

*November 2008 estimate, actual will be available 11/12/08

**Kenneth L. Maun
Tax Assessor Collector
Collin County
1800 N. Graves
P.O. Box 8006
McKinney, Texas 75070
972- 547-5020
Metro 424-1460 Ext.5020
Fax 972-547-5040**

October 10, 2008

**Mayor Maher Maso
City of Frisco
6101 Frisco Square Blvd
Frisco, Texas 75034**

Dear Mayor Maso,

**Enclosed is the Monthly Collection Report for:
The City of Frisco tax collections for the month were:
The Rollback Collections for the month were:**

**September 2008
\$141,727.88
\$0.00**

Sincerely,

**Kenneth L. Maun
Tax Assessor Collector**

Attachment

**cc: Elizabeth Corona, Assistant Tax Collector
George Purefoy, City Manager
Nell Lange, Assistant City Manager
Anita Cothran, Director of Administrative Services (TC168, LTC298D, LTC255)**

KM:ds

Kenneth L Maun
Tax Assessor/Collector
Collin County
P O Box 8046
McKinney Tx 75070

Monthly Collection Status Report
September 2008

City of Frisco #12

| | Collections Month of September | Cumulative Total 10/1/07 thru 9/30/08 | % of Collections |
|---|-----------------------------------|--|---------------------|
| Current Tax Year Collections | | | |
| Base M&O | \$57,188.04 | 28,913,520.52 | 99.59% |
| Base I&S | 53,188.87 | 26,891,633.56 | |
| Base I&S Bond | | | |
| P&I M&O | 10,989.19 | 196,508.29 | |
| P&I I&S | 10,220.66 | 182,766.22 | |
| P&I I&S Bond | | | |
| Attorney Fee | 18,955.19 | 84,298.80 | |
| Subtotal | <u>\$150,541.95</u> | <u>\$56,268,727.39</u> | 100.42% |
| Delinquent TaxYears Collections | | | |
| Base M&O | \$3,829.62 | 556,818.05 | |
| Base I&S | 3,730.04 | 547,307.48 | |
| Base I&S Bond | 0.00 | | |
| P&I M&O | 1,320.77 | 64,077.49 | |
| P&I I&S | 1,260.69 | 61,351.84 | |
| P&I I&S Bond | 0.00 | | |
| Attorney Fee | 1,445.91 | 91,875.81 | |
| Subtotal | <u>\$11,587.03</u> | <u>\$1,321,430.67</u> | 2.36% |
| Combined Current & Delinquent: | | | |
| Base M&O | \$61,017.66 | \$29,470,338.57 | |
| Base I&S | \$56,918.91 | \$27,438,941.04 | |
| Base I&S Bond | | | |
| P&I M&O | 12,309.96 | 260,585.78 | |
| P&I I&S | 11,481.35 | 244,118.06 | |
| P&I I&S Bond | | | |
| Attorney Fee | 20,401.10 | 176,174.61 | |
| | | 0.00 | |
| Total Collections | <u><u>\$162,128.98</u></u> | <u><u>\$57,590,158.06</u></u> | 102.78% |
| Original 2007 Tax Levy | | <u><u>\$56,032,090.91</u></u> | 100.00% |

Kenneth L. Maun
Tax Assessor/Collector
Collin County
P O Box 8046
McKinney Tx 75070

Cumulative Comparative Collection Status Report
September 2008

City of Frisco #12

| | Collections thru September 2008 | % Collections | Collections thru September 2007 | % Collections * |
|----------------------------------|------------------------------------|---------------|------------------------------------|-----------------|
| Current Tax Year Collections | | | | |
| Base M&O | \$55,805,154.08 | 99.59% | \$47,643,803.44 | 98.72% |
| P&I M&O | 379,274.51 | | 333,450.04 | |
| Attorney Fee | 84,298.80 | | 80,524.05 | |
| Subtotal | <u>\$56,268,727.39</u> | 100.42% | <u>\$48,057,777.53</u> | 99.58% |
| Delinquent Tax Years Collections | | | | |
| Base M&O | \$1,104,125.53 | | \$668,540.86 | |
| P&I M&O | 125,429.33 | | 86,786.31 | |
| Attorney Fee | 91,875.81 0.00 | | 57,753.64 0.00 | |
| Subtotal | <u>\$1,321,430.67</u> | 2.36% | <u>\$813,080.81</u> | 1.68% |
| Combined Current & Delinquent: | | | | |
| Base M&O | \$56,909,279.61 | | \$48,312,344.30 | |
| P&I M&O | 504,703.84 | | 420,236.35 | |
| Attorney Fee | 176,174.61 0.00 | | 138,277.69 | |
| Total Collections | <u><u>\$57,590,158.06</u></u> | 102.78% | <u><u>\$48,870,858.34</u></u> | 101.26% |
| Adjusted 2006 Tax Levy | | | <u><u>\$48,260,651.13</u></u> | 100.00% |
| Original 2007 Tax Levy | <u><u>\$56,032,090.91</u></u> | 100.00% | | |

Kenneth L Maun
Tax Assessor/Collector
Collin County
P O Box 8046
McKinney Tx 75070

Levy Outstanding Status Report
September 2008

City of Frisco #12

| | Current Tax Year | Delinquent Tax Years |
|---|---------------------|----------------------|
| Current Month: | | |
| Tax Levy Remaining as of 8/29/08 | \$740,178.03 | \$356,990.05 |
| Base M&O Collections | 110,376.91 | 7,559.66 |
| Supplement/Adjustments | 6,815.37 | 3,447.83 |
| Write-off | 0.00 | 0.00 |
| Remaining Levy as of 9/30/08 | <u>\$636,616.49</u> | <u>\$352,878.22</u> |
| Cumulative (From 10/01/07 thru 9/30/08) | | |
| Original 2006 Tax Levy (as of 10/01/07) | \$56,032,090.91 | 945,539.11 |
| Base M&O Collections | 55,805,154.08 | 1,104,125.53 |
| Supplement/Adjustments | 410,581.83 | 511,464.64 |
| Write-off | 902.17 | 0.00 |
| Remaining Levy as of 9/30/08 | <u>\$636,616.49</u> | <u>\$352,878.22</u> |

Kenneth L Maun
Tax Assessor/Collector
Collin County
P O Box 8046
McKinney Tx 75070

Monthly Distribution Report
September 2008

City of Frisco #12

| | Distribution Month of September | Distribution 10/1/07 thru 9/30/08 |
|-------------------------------------|------------------------------------|--------------------------------------|
| Weekly Remittances: | | |
| Week Ending 9/5/08 | \$40,309.58 | \$8,017,089.26 |
| Week Ending 9/12/08 | 29,387.42 | \$10,018,809.73 |
| Week Ending 9/19/08 | 21,705.43 | \$13,013,979.55 |
| Week Ending 9/26/08 | 43,893.35 | \$16,750,728.16 |
| Week Ending 9/30/08 | 6,425.04 | \$9,571,811.61 |
| Total Weekly Remittances | <u>\$141,720.82</u> | <u>\$57,372,418.31</u> |
| Overpayment from Prior Month | \$0.00 | \$0.00 |
| Manual Adjustment Refund | \$0.00 | \$0.00 |
| Commission Paid Delinquent Attorney | \$20,401.10 | \$176,174.61 |
| Entity Collection Fee | \$0.00 | \$41,018.00 |
| Judgement Interest | 0.00 | \$0.00 |
| 5% CAD Rendition Penalty | 7.06 | \$547.14 |
| Total Disbursements | <u><u>\$162,128.98</u></u> | <u><u>\$57,590,158.06</u></u> |
| Overpayment | \$0.00 | \$0.00 |



First Southwest Asset Management

Economic Summary 3rd Quarter 2008

MAJOR EVENTS

It's striking to contrast the economic events and outlook in July with the events and outlook at the end of September. At the beginning of the third quarter, there was ongoing debate about whether or not the U.S. economy was technically in a recession, but the primary concern of Fed officials was inflation. Crude oil prices topped \$147 per barrel and the average gasoline price in the U.S. climbed to \$4.16 by mid-month. Despite what appeared to be tepid economic growth, Fed officials were signaling that the next likely change in monetary policy would be a tightening, although most experts were calling for this rate increase to occur sometime in early 2009. The first signs of the trouble to come emerged on July 7th when a Lehman analyst issued a report that said FASB was considering an accounting rule change that would force Fannie and Freddie to move certain off-balance sheet securities onto their balance sheet, an action that would force the two mortgage giants to raise a combined \$75 billion in new capital. The Wall Street Journal ran front page stories all week which rattled global investor confidence. Fed Chairman Bernanke responded promptly by opening the Fed discount window to both companies, allowing them unlimited borrowing capacity at the prevailing discount rate of 2.25%. Not to be outdone, Treasury Secretary Henry Paulson, the former CEO of Goldman Sachs, who would become a household name before the quarter ended, announced that he'd ask Congress for expedited authority to increase Fannie and Freddie's \$2.25 billion dollar lines of credit. He also said that the government would make an equity investment in the companies if needed. Paulson hoped that the promise to help would be enough. He told the Senate Banking Committee "If you have a bazooka in your pocket and people know it, you probably won't have to use it." Unfortunately, these dramatic moves and bold words did little to restore investor confidence. Rampant speculation that Fannie and Freddie were on the verge of collapse dominated financial market headlines for much of the quarter.

A year ago, Henry Paulson had said that the U.S. subprime mortgage fallout remained largely contained due to the strongest global economy in decades. This statement would come back to haunt him. The old economic adage "when the U.S. sneezes, the world catches a cold" was generally thought to be a remnant of days gone by, but it became apparent by mid-August that the mortgage woes of the U.S. were no longer contained within its boundaries. The Wall Street Journal reported on August 15th that GDP in the European Union had fallen at an annual rate of 0.8% in

the second quarter, the first outright contraction since the early 1990's. The previous day, Japan had reported that its economy had fallen at a 2.4% annual rate. Four of the five largest economies were now flirting with recession. The upside to the sudden global slump was that the U.S. dollar quickly strengthened, helping deflate a troubling commodities bubble. Interestingly enough, the long-anticipated U.S. recession had not yet materialized. In fact, at the end of August, the Commerce Department reported that second quarter GDP was being revised upward from 1.9% to 3.3%, prompting one economist to note that "the economy has never looked so good and felt so bad". The minutes of the August FOMC meeting clearly indicated that the next Fed move would be a tightening. So, as August drew to a close, it still appeared that rate increases were on the horizon. The events of September would change all of that in a hurry.

On Sunday, September 7th, under mounting pressure from nervous foreign investors, Paulson fired his bazooka and announced that the U.S. government was placing Fannie and Freddie into conservatorship and would gradually inject up to \$200 billion of capital to keep them afloat. A week later, Lehman Brothers reported that it was unable to orchestrate a deal to save the 158-year old investment banking firm from financial ruin and would be forced into Chapter 11 bankruptcy. Most experts had assumed that Lehman would be sold to Bank of America, but BOA threw Lehman a last minute curve and bought Merrill Lynch for \$50 billion instead. The idea that the government would allow Lehman to fail came as a major shock, even to those clamoring for Wall Street blood. The DOW plunged 500 points on Monday, September 8th in reaction to the biggest bankruptcy filing in U.S. history, but the impact of Lehman's failure had just begun. The next day, one of the oldest and largest AAA-rated money market funds in the world, the Reserve Primary Fund, announced that it had "broken the buck" as a result of a \$785 million dollar investment in Lehman commercial paper that it now considered to be virtually worthless. Fund investors were told that they'd receive \$0.97 per share on the Primary Fund, a 3% immediate loss on an investment considered virtually risk-free. This shocking revelation prompted an unprecedented \$89 billion run away from money funds, but collateral damage certainly wasn't limited to the money funds. Lehman listed total bonds outstanding of \$155 billion in its Chapter 11 filing and the New York Times reported that Lehman was one of the 10 largest counter-parties in credit default swaps which by Lehman's own accounting records amounted to \$729 billion in derivative purchases and sales. The pain of default was scattered

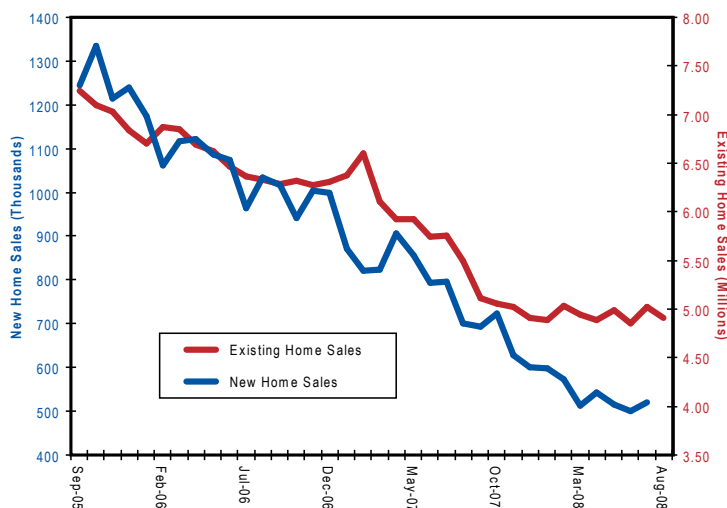
worldwide and investors demanded huge premiums for the debt of all U.S. financial institutions. Banks were scared to lend to banks. Other financial institutions began to teeter and the New York Times suggested that if AIG, the nation's largest insurance company, didn't receive an immediate injection of cash, it could fail within the week. Later that day, the U.S. government seized control of AIG, taking a 79.9% ownership share in return for an \$85 billion loan. Former Fed Chairman Greenspan, appearing on ABC News, described the economic crisis as the worst he had ever seen.

On Friday, September 19th, Bernanke and Paulson revealed plans for legislation to support the biggest financial rescue plan in history – an estimated \$700 billion of taxpayer support that would involve government purchases of distressed mortgages and other illiquid investments with the intent to hold onto the investments until maturity or orderly sale. The Treasury Department also announced that it would use existing authority to establish a temporary guaranty program for U.S. money market funds in order to reassure investors that these funds would not break the buck. Also on Friday, the SEC, acting in concert with the Financial Services Authority of Britain, temporarily banned the short selling of financial stocks, effective immediately. Initially, the announcements, aimed at stabilizing the markets and restoring investor confidence, seemed to do exactly that as the DOW shot up nearly 370 points, but the proposed “bailout plan” was subsequently dissected and severely criticized by the media and within days the public outcry was deafening.

On Monday, September 22nd, Goldman Sachs and Morgan Stanley announced plans to convert themselves into bank holding companies, which would essentially grant them critical sources of funding in return for heavier regulatory oversight. The next day, Bernanke and Paulson unveiled details of the actual “rescue plan” and the media circus pitched a tent. MSNBC ran continual coverage of the “Bailout Battle in Congress”. Bernanke and Paulson pleaded for quick implementation while Congress demanded ample details before committing to a massive and undefined outflow of tax dollars. Warren Buffet labeled the plan “absolutely necessary” to pull the financial system out of an “economic Pearl Harbor” and President Bush addressed the nation saying that “the entire economy was in danger” and without passage, “the nation could face a long and painful recession”. By week's end, with no bill passed, amid a severe ongoing credit crunch and confidence crisis, Washington Mutual, with \$300 billion in assets, was seized by the FDIC and sold to JP Morgan for the bargain price of \$1.9 billion, thus becoming the biggest bank failure in U.S. history.

On Monday, September 29th, the House narrowly rejected a compromise version of the rescue bill. The equity markets were absolutely crushed in response with the DOW falling by 7% or 778 points, the largest one-day point drop in history. The S&P fell 8.4% and the NASDAQ fell a frightening 200 points or 9%. Bloomberg reported that \$1.2 billion in equity value was wiped out in a single day. In a remarkable flight-to-quality, yields on one-month Treasury-bills fell to 1/20th of 1%. Wachovia Bank became the latest victim to succumb to the credit crisis when the FDIC arranged a \$2.2 billion dollar Citigroup purchase that would be trumped by Wells Fargo a few days later. The quarter ended with no rescue plan on the table, frozen credit markets and shattered investor confidence.

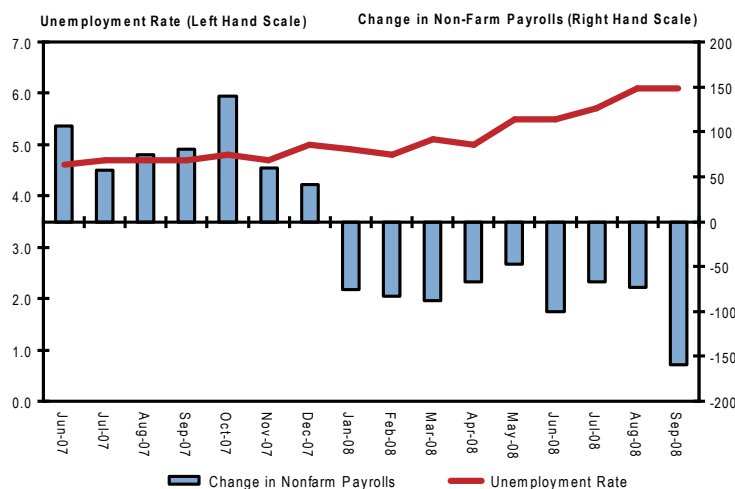
Housing



New and Existing Home Sales
Annualized by Month

The spark that ignited the crisis was falling home prices resulting from rising home inventories that were fueled primarily by sub-prime and alt-A loan defaults. According to the Mortgage Bankers Association, the delinquency rate on mortgage loans in the second quarter was 6.4% and the foreclosure rate was 2.75%. Those who thought a bottom had been reached during the spring were disappointed to learn that the freefall hadn't yet ended. The S&P Case Shiller home price index dropped by 16.3% year-over-year in July, the fastest decline in history and the 18th consecutive monthly decrease. New home sales plunged 11.5% in August while existing homes fell another 2.2%. From the peak in summer 2005, new and existing home sales had fallen 62%. The supply of homes stood at 10.9 months, near a record high. Housing starts fell by 6.2% in August to the lowest level since 1991. A stable housing market is the essential ingredient for economic recovery, but it'll take a while. The pool of potential buyers has dried up.

Employment



Non-Farm Payroll
Total Change in Thousands

The labor market has been shedding jobs all year, and the third quarter offered no relief. Non-farm payrolls lost 73,000 jobs in August and 159,000 in September as the unemployment rate rose from 5.7% to 6.1%. Only six months earlier, unemployment had stood at 4.8%. It's very difficult to imagine that the labor picture will brighten any time soon as the economy has taken a drastic turn for the worse since the last data release.

Inflation

There were few bright spots to speak of last quarter, but the drastic drop in inflation was much welcomed. Overall CPI fell by 0.1% in August, the first outright decline in almost two years, while PPI fell 0.4%, the first decline this year. Crude oil fell from a record high of \$147 to \$100 by quarter end, while gasoline prices dropped by \$0.60 per gallon. Other commodity prices also declined significantly as global demand slowed, the dollar strengthened and speculators exited the market. The drop in inflation grants the Fed the latitude to cut interest rates to prop up the sagging economy.

Stock Market

The terrible year for equities continued in the third quarter as the S&P 500 and NASDAQ fell by nearly 9% and the battered DOW dropped 4.4%. Market confidence is critical to investment in the stock market, and the rash of recent failures has spooked investors to the point that virtually all companies are suspect. With a bear market firmly established and what could be a severe recession on the horizon, keeping remaining principal intact has become a primary objective. Compounding the U.S. problem are struggling equity markets around the world. It's all about confidence, and right now, it's gone.

| | DOW | S&P 500 | NASDAQ |
|----------------------|--------|---------|--------|
| 6/30/08 | 11,350 | 1,281 | 2,293 |
| 9/30/08 | 10,850 | 1,166 | 2,092 |
| % Change for Q3-2008 | -4.40% | -8.98% | -8.77% |

Interest Rates

| | | Fed Funds | 3 mo T-bill | 6 mo T-bill | 2 yr T-note | 3 yr T-note | 10 yr T-note |
|------|---------|-----------|-------------|-------------|-------------|-------------|--------------|
| Last | 6/30/08 | 2.00% | 1.74% | 2.16% | 2.62% | 3.33% | 3.97% |
| High | | | 1.87% | 2.17% | 2.79% | 3.52% | 4.13% |
| Low | | | 0.09% | 0.86% | 1.58% | 2.37% | 3.26% |
| End | 9/30/08 | 2.00% | 0.53% | 1.46% | 1.71% | 2.75% | 3.63% |

Summary / Outlook

It's nearly impossible to find anything positive during a quarter in which the financial world fell off its axis. During much of July and August, the U.S. economy limped along, if not in recession, perched precariously on the edge. The housing situation actually got worse with new home sales tumbling by another 11.5% in August. Auto sales fell by a whopping 27% in September, the biggest drop in 17 years. The September ISM manufacturing index fell to a dismal 43.5, a level consistent with recession. Job losses continue to mount, with a net 760,000 workers receiving pink slips since the year began. But the pitiful economic data releases were largely overlooked as the credit crisis intensified and financial institutions suddenly found themselves unable to finance their operations. Fannie Mae and Freddie Mac, under intense fire throughout the quarter, entered conservatorship of the U.S. government in September. Lehman Brothers Holdings failed to find a buyer and was forced into bankruptcy. The resulting default of hundreds of billions of dollars in Lehman debt obligations caused immense market turmoil and set in motion a wave of deteriorating investor confidence that would shape the market for weeks. One of the largest and oldest AAA-rated money market funds, saddled with \$785 million in worthless Lehman CP, "broke the buck" and froze fund assets, losing investor principal along with faith in what they'd thought was a safe haven for cash.

The month of September was littered with spectacular failures of some of the nation's iconic companies. The Federal government, recognizing itself as a lender of last resort and perhaps realizing that the Lehman failure was the lynchpin to the latest global market catastrophe, offered a plan to Congress that would use \$700 billion in taxpayer funds to purchase troubled mortgage assets and other problem investments in order to stabilize the markets and restore confidence. But the poorly framed "bailout" bill was voted down by an angry Congress and the DOW responded by tumbling a record 778 points. After this, the bill was increasingly referred to as a "rescue plan". At quarter end, the financial markets were in trouble, with confidence badly shaken, credit markets locked up and investors shaking their fists at the Federal government.

With inflationary pressure quickly easing, it appeared as if an emergency Fed rate cut was eminent. As it turned out, on October 8th, the Fed did slash overnight rates by half a point to 1.50% and indicated that it was prepared to cut further if necessary. And in fact, that's exactly what the experts are forecasting. At last count, Goldman, Merrill, UBS, HSBC, JP Morgan, Barclays, Bank of America, Suntrust and Wachovia were among a large group of dealers expecting the Fed to cut to 1.00%. Unfortunately, rate cuts just don't seem to be having the accustomed effect. For the financial markets and the U.S. economy to gain traction and pull themselves out, it will take a big dose of confidence, a lot of faith ...and time.

Scott McIntyre, CFA
Senior Portfolio Manager
October 9, 2008

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Economic Summary 3rd Quarter 2008

First Southwest Asset Management



 **First Southwest Asset Management**

300 West 6th Street
Suite 1940
Austin, Texas 78701

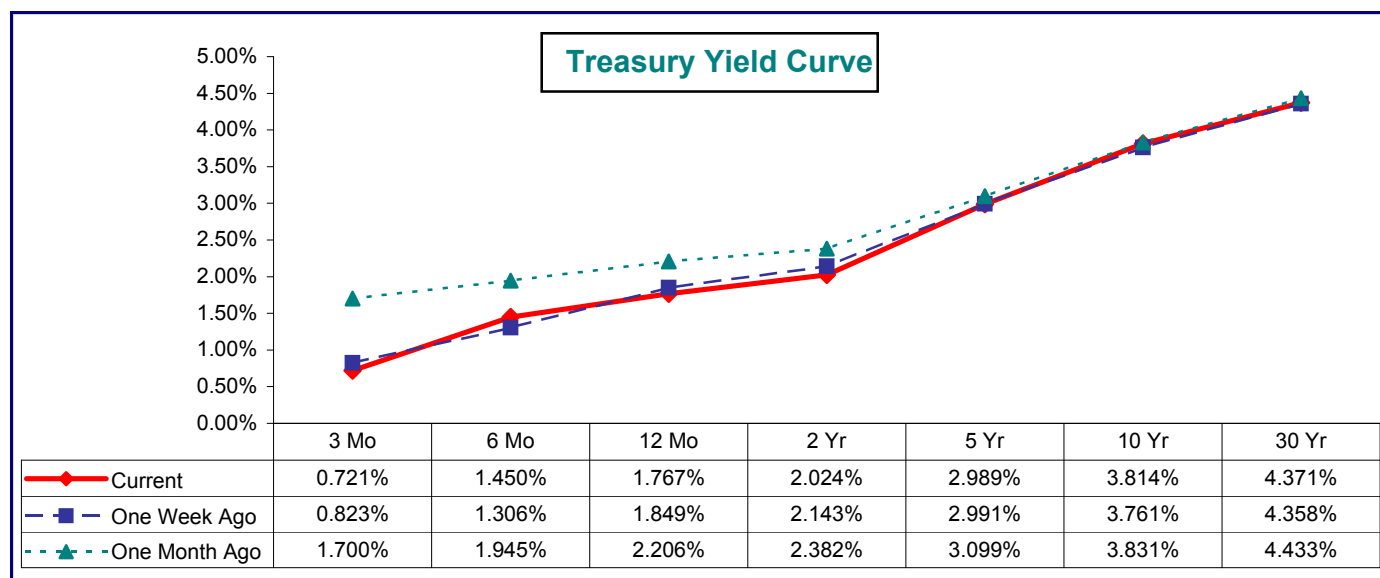
Relative Value Report

Today's Date: 26-Sep-08
Settlement Date: 29-Sep-08

DISCLAIMER: Securities listed here represent the best market offers as of early morning on this date. All information is subject to change at any time without notice. This report is intended for informational purposes only, and is in no way a solicitation or offer to sell any securities or services. This information has been obtained from sources believed to be reliable, but we do not warrant or guarantee the accuracy or timeliness of this information. There are no warranties, expressed or implied, as to accuracy, completeness, or results obtained from this information.

| MATURITY DATE | SECURITY TYPE | DISCOUNT/ SPREAD | YIELD |
|---------------------------------|---------------------|------------------|--------|
| Agency Discount Notes | | | |
| 3-Nov-08 | FHLB | 2.420% | 2.459% |
| 1-Dec-08 | FHLB | 2.750% | 2.802% |
| 26-Dec-08 | FHLB | 2.750% | 2.807% |
| 26-Jan-09 | FHLB | 3.310% | 3.393% |
| 26-Feb-09 | FHLB | 3.220% | 3.309% |
| 26-Mar-09 | FHLB | 3.340% | 3.443% |
| 24-Apr-09 | FNMA | 2.790% | 2.870% |
| 26-May-09 | FHLMC | 2.740% | 2.820% |
| 26-Jun-09 | FNMA | 2.680% | 2.761% |
| 27-Jul-09 | FHLB | 3.180% | 3.291% |
| 21-Aug-09 | FNMA | 2.650% | 2.736% |
| 25-Sep-09 | FHLB | 3.200% | 3.325% |
| Commercial Paper | | | |
| 30-Oct-08 | Toyota Motor Credit | 2.750% | 2.795% |
| 28-Nov-08 | GE Capital Services | 3.260% | 3.323% |
| 29-Dec-08 | GE Capital Services | 3.410% | 3.487% |
| 27-Jan-09 | GE Capital Services | 3.510% | 3.601% |
| 25-Feb-09 | GE Capital Services | 3.560% | 3.663% |
| 30-Mar-09 | GE Capital Services | 3.560% | 3.676% |
| 26-Jun-09 | GE Capital Services | 3.510% | 3.634% |
| Agency Bullets | | | |
| 25-Sep-09 | FHLB 3.250 | +112.0 | 3.144% |
| 17-Dec-09 | FNMA 3.875 | +112.0 | 3.144% |
| 17-Mar-10 | FHLB 4.375 | +98.8 | 3.012% |
| 11-Jun-10 | FHLB 4.25 | +136.8 | 3.392% |
| 10-Sep-10 | FHLB 3.375 | +129.0 | 3.314% |
| 3-Mar-11 | FHLMC 4.40 | +150.5 | 3.529% |
| 16-Sep-11 | FHLB 3.625 | +144.0 | 3.464% |
| (Spread versus 2-Year Treasury) | | | |

| Investment Pool Yields: | | TexPool | TexSTAR |
|-----------------------------|---------|----------|-----------|
| Previous Day: | | 2.0065% | 1.7502% |
| 7 Day Moving Avg: | | 2.4598% | 2.3077% |
| Agency Discount Note Yields | | | |
| | Current | Week Ago | Month Ago |
| 1 Mo | 2.459% | 2.234% | 2.357% |
| 2 Mo | 2.802% | 2.239% | 2.515% |
| 3 Mo | 2.807% | 2.263% | 2.653% |
| 6 Mo | 3.443% | 2.566% | 2.936% |
| 9 Mo | 2.761% | 2.782% | 2.982% |
| 12 Mo | 3.325% | 2.825% | 3.007% |
| Commercial Paper Yields | | | |
| | Current | Week Ago | Month Ago |
| 1 Mo | 2.795% | 2.438% | 2.265% |
| 2 Mo | 3.323% | 2.760% | 2.464% |
| 3 Mo | 3.487% | 2.818% | 2.592% |
| 4 Mo | 3.601% | 2.959% | 2.690% |
| 5 Mo | 3.663% | 3.018% | 2.820% |
| 6 Mo | 3.676% | 3.078% | 2.921% |
| 9 Mo | 3.634% | 3.054% | 2.949% |
| Agency Bullet Yields | | | |
| | Current | Week Ago | Month Ago |
| 1 Yr | 3.144% | 2.863% | 2.992% |
| 1.5 Yr | 3.012% | 2.798% | 3.122% |
| 2 Yr | 3.314% | 2.878% | 3.235% |
| 2.5 Yr | 3.529% | 3.123% | 3.462% |
| 3 Yr | 3.464% | 3.323% | 3.682% |



Year-To-Date Report to Frisco City Council
Report Period: January 1-September 30, 2008



Quarterly Report to Frisco City Council
For Period: Jan-Sep 2008

| | | | |
|--|----------|----------|-----|
| • Hotel/Motel Investment | \$75,000 | | |
| • Hotel/Motel Distributions | | \$63,635 | 85% |
| Sponsorships | | | |
| Frisco Community Theatre | | | |
| Word of Mouth Productions | | | |
| Visual Arts Guild of Frisco | | | |
| Cross Timbers Youth Orchestra | | | |
| Frisco Area Children's Theatre | | | |
| The Frisco Ballet | | | |
| Collin County Ballet | | | |
| Plano Symphony Orchestra | | | |
| The Frisco Chorale | | | |
| Frisco Storytelling Festival | | | |
| 2008 Arts Gala | | | |
| Frisco Arts Center Overhead (salary, facility mgt., supplies) | | \$11,365 | 15% |
| • General Funds Raised | \$51,104 | | |
| • General Fund Distributions | | \$3,230 | |
| Scholarships, Sponsorships and Grants | | | |
| The Frisco Chorale | | | |
| Cross Timbers Youth Orchestra | | | |
| Frisco Education Foundation | | | |
| 2008 Arts Gala | | | |
| Frisco Arts Operations and Minor Events and Early gala expenses | | \$35,872 | |
| • Net Profit | \$12,002 | | |
| • Frisco Arts Center (FAC) - Events Held at FAC (Jan-September) | 279 | | |
| • Citizens Attending Events at FAC | 3,131 | | |
| • Items of Interest | | | |
| • Frisco Arts Gala plans are underway, with Newman Village as Title Sponsor for 2 nd year. The black tie event will be held at Westin Stonebriar Resort on October 25 th . | | | |
| • Frisco Arts Center was used as a visual art exhibition hall and has hosted nine separate art exhibits | | | |
| • Frisco Arts Center served as a theatre for performances by Word of Mouth Productions and Frisco Area Children's Theatre | | | |
| • Art and theatre classes, auditions and rehearsals were held, plus studio drawing workshops and "Umbrellas for Peace" workshops | | | |
| • Local arts groups held board meetings at the Frisco Arts Center | | | |
| • An Artists' Reception (FISD students) for the T-Shirt Design Contest was held and a Winner Reception was held | | | |
| • Spring Break Art Camp was held at Frisco Arts Center | | | |
| • The Main Street Merchants Association held monthly | | | |
| • meetings at the Frisco Arts Center | | | |
| • Frisco Arts Open House held August 22nd | | | |
| • Artist Gatherings | | | |
| • Arts Festival Planning Meeting was held at the FAC | | | |

DELINQUENT AD VALOREM TAX COLLECTION PERFORMANCE REPORT

**Prepared for the:
CITY OF FRISCO**



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NOVEMBER 2008

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November 7, 2008

Honorable Mayor Maher Maso and Members of the City Council
George Purefoy, City Manager
City of Frisco
6101 Frisco Square Boulevard
Frisco, Texas 75034

Re: Delinquent Tax Collection Performance Report

Dear Mayor Maso, Members of the City Council, and Mr. Purefoy:

On behalf of **Linebarger Goggan Blair & Sampson, LLP (LGB&S)**, it is our pleasure to present this performance report regarding the collection of delinquent ad valorem taxes for the City of Frisco. We have represented the City since February 1988 and have **collected over \$8 million** in delinquent tax, penalty, interest and attorneys fees since being retained. Our current contract with the City extends until February 19, 2009 and includes the option to be renewed for two additional five year terms.

This report highlights the activities and results of our efforts since we began our collection program over twenty years ago and recaps our collection activities over the last full delinquent tax collection year (July 2007 - June 2008). It is a privilege to serve as the City of Frisco's delinquent tax attorney, and we believe we have had an exceptional year on your behalf. We look forward to continuing to represent the City in this important endeavor for many years to come.

PROVEN PERFORMANCE & COLLECTION EXPERIENCE

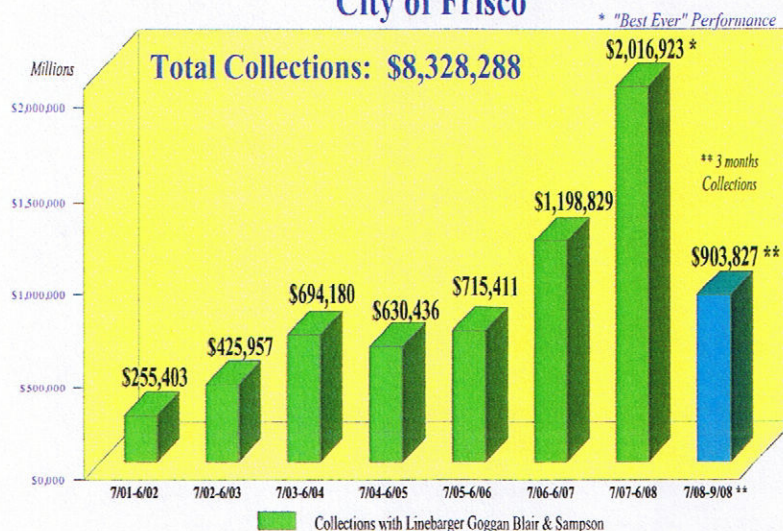
In the more than twenty years since LGB&S began our collection efforts on your behalf, the City of Frisco has recognized a total of **\$8,328,288 in delinquent tax, penalties, interest and attorney fees**.

A seven-year history of tax collections is shown on the chart on the following page. Delinquent collections totaled **\$2,016,923 during the past year** (July 2007 – June 2008), representing our **“Best Ever”** collection performance. This represents an **increase over the prior year's collection of \$818,094, or 68%**. During the most **recent three months** (July 2008 – September 2008), we have already collected **\$903,827** for the City.

Our law firm provides the City of Frisco with experience, along with extensive resources and expertise. We are working hard to maximize the City's delinquent tax collections during a tough economic time. We have developed a work program that is based on an enormous amount of

personalized collection activities, and we provide valuable operational support to the Collin County Tax Office.

Delinquent Tax Collection History for the City of Frisco



PROGRAM HIGHLIGHTS

Our collection program is multifaceted and includes mailings, collection calls, litigation, site visits/seizures and bankruptcy protection. The City of Frisco can be assured that **LGB&S has and will always treat your taxpayers with the highest level of courtesy**, while at the same time providing highly effective collection services.

We have included the **Program Highlights**, as shown below, that summarize our collections results and activities for the **past twenty years** since February 1988.

Program Highlights for

City of Frisco

February 1988 - September 2008

Total Collections:

\$8,328,288

Includes base tax, penalty, interest, and attorney fee collections.

- Most Recent Complete Collection Cycle:**
July 2007 - June 2008

"Best Ever" Performance
\$2,016,923
- 3 Month Update:**
July 2008 - September 2008

\$903,827

Collection/Litigation Activities:

- **Lawsuits Filed** 336 lawsuits filed for \$318,623
- **Bankruptcy Pending** 158 accounts for \$141,537
- **BPP Site Visits** 24 businesses targeting \$18,824
- **Demand Mailings** 65 mass mailings for 23,447 letters

CITY OF FRISCO COLLECTION ACTIVITIES AND RESULTS

Our delinquent collection efforts over the **past twelve months** (July 2007 – June 2008) are described below:

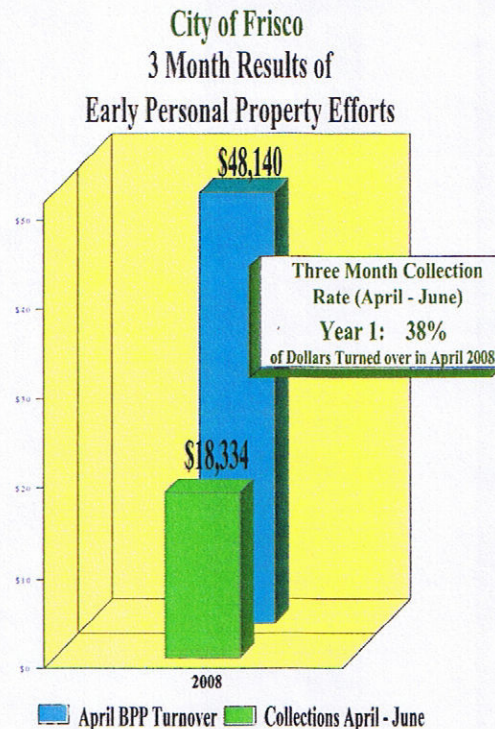
- Conducting **5 mass mailings** totaling **2,243 letters**. In July 2008, we conducted our first mailing of the current collection cycle, (July 2008 – June 2009) targeting **854 accounts** owing **\$1,150,114 (base + P&I)** to the City. A second mailing in September 2008 included **435 accounts** owing **\$513,962 (base + P&I)** to the City.
- Conducting our 1st annual City of Frisco **Early BPP Collection Program** in April 2008, with a “**Notice of Delinquency**” targeting **252 businesses** in Frisco. This was followed by a **June “Urgent Delinquent Notice” mailing to 125 accounts**. We continue to target businesses for site visits, seizure and litigation efforts. Results of the early business personal property collections are discussed later in this report.
- Conducting **personal site visits** to **24 Frisco businesses** owing **\$18,824** to the City since July 2007, and successfully collecting **\$4,396** as a result of these efforts.
- Creating a “**lienholder quick abstract**” **collection initiative** prior to filing lawsuits. Utilizing the resources available on the internet, LGB&S collectors conduct “quick abstracts” which identify probable lienholders to real property. By contacting them directly, and prior to a lawsuit being filed, we are oftentimes able to collect the account in full, or place the account in a payment arrangement, without having to resort to the filing of a lawsuit.
- Filing a total of **13 lawsuits/interventions** representing **\$33,023** in delinquent taxes due to the City of Frisco. We have successfully **disposed of 16 lawsuits**.
- Through our bankruptcy representation, we are currently protecting the City of Frisco’s interest in **158 accounts** in a bankruptcy status **owing \$141,537**.
- Consistently supplementing our collection efforts with **telephone collection calls** to delinquent taxpayers to resolve their accounts.

EARLY PERSONAL PROPERTY COLLECTION PROGRAM

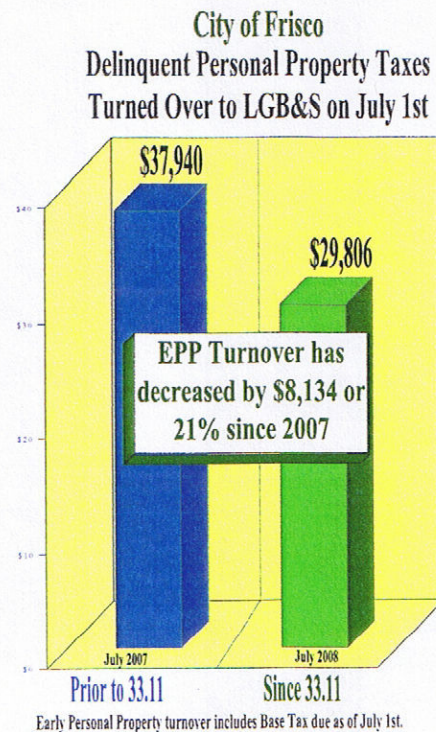
The 2005 Legislative session brought about an amendment to the Texas Property Tax Code allowing taxing entities to turn over business personal property to clients on April 1st, instead of July 1st. In 2007, the Frisco City Council took action to approve the early turnover of delinquent personal property accounts to LGB&S. This new provision allowed us to establish an **Early Personal Property Collection Program** and aggressively pursue these highly mobile personal property accounts beginning April 1st, three months earlier than the traditional date of July 1st. In April 2008, for the first time, our office received the most recent (2007) tax year “turnover” for personal property.

The two charts on the following page illustrate the dramatic success of our Early Personal Property Collection Program for the City of Frisco. Experience has proven that moving quickly and personalized taxpayer contact is the key to collecting personal property accounts, which are inherently more difficult to collect than real estate taxes due to their mobile and perishable nature. Businesses close their doors daily without paying their taxes.

The first chart, entitled **City of Frisco 3 Month Results**, illustrates the success of our Early Personal Property Collection Program. During our first year (2008) we collected **38%**, or **\$18,334**, of the outstanding current year personal property delinquency in the three month period of April – June 2008. But even more importantly, less delinquency is due to the City than a year ago and revenue is being collected more quickly than before.



The second chart, entitled **Delinquent Personal Property Taxes Turned Over to LGB&S on July 1st**, depicts the dramatic decline in personal property tax turnover that the City has transferred to LGB&S on July 1st. Over the past two years, the **turnover has decreased by 21%**, or **\$8,134**, since 2007, the year prior to enacting 33.11.



LGB&S conducted mailings to these personal property accounts in April and June 2008. In April, we mailed 252 letters totaling \$83,214 (base tax, penalties, interest and attorneys fees) due for all delinquent years to the City of Frisco. In June, a second demand mailing was conducted, which included 125 letters totaling \$48,671 due for all years to the City.

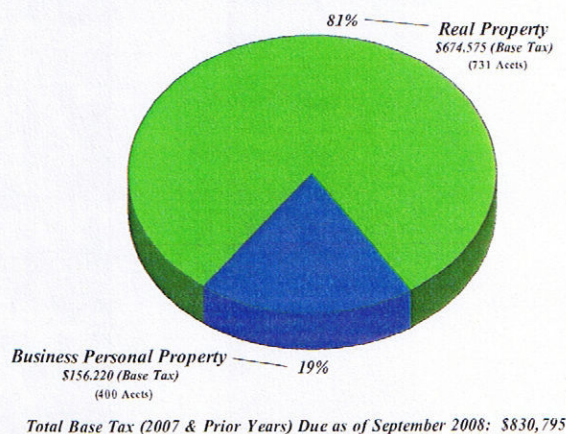
TAX ROLL ANALYSIS

DELINQUENT TAX TURNOVER

In July 2008, the City of Frisco turned over 1,131 property accounts delinquent for tax year 2007 (current year delinquency) for a total of \$925,453 in base tax. The 2008 delinquent tax roll turnover is \$10,104 less than the amount we received in July, 2007 and represents a decrease of 1% of the current year delinquent tax amount to be collected. We analyze the entire City of Frisco delinquent tax roll in July to produce a customized workplan for the upcoming year.

As of September 2008, the total outstanding base tax receivable for all delinquent years (2007 and prior) is \$830,795. The delinquent tax roll is comprised of real property and personal property (as shown in the pie chart to the right). Real Property, which is the most collectible, comprises the majority (81%) of the entire delinquent tax roll. This property mix is favorable for the City. Business personal property (BPP) comprises the remaining 19% of the City of Frisco's delinquent tax roll.

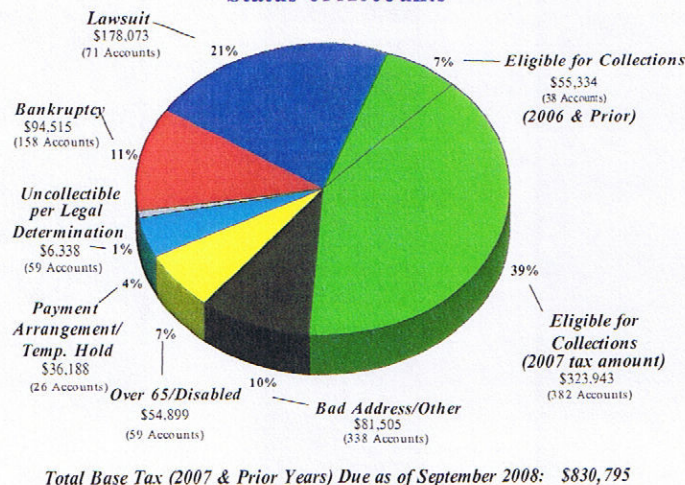
Tax Roll Analysis by Property Type



ANALYSIS BY STATUS OF DELINQUENT ACCOUNTS

LGB&S continually analyzes and stratifies delinquent accounts in order to “work smart” and customize our workplan to your needs. We prioritize high dollar collections; however, we also know which accounts require research, special handling or are uncollectible. The City of Frisco's delinquent tax roll stratified (as of September 2008) by Account Status is shown below.

Status of Accounts



FIRM BACKGROUND

With more than **1,900 local, state, and federal clients**, LGB&S is the national leader in collection services for governmental entities. We maintain **31 offices throughout Texas** and **16 offices in 14 other states throughout the country**. We collect delinquent property taxes for over 500 cities, 482 school districts, and 115 counties in Texas.

The Offices of Linebarger Goggan Blair & Sampson, LLP

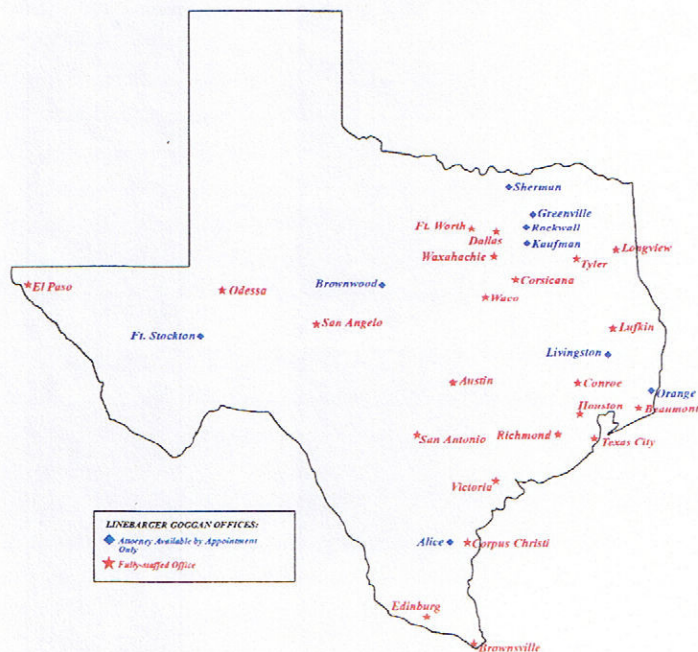


Each year LGB&S collects almost **\$1 billion in delinquent government receivables for its clients**. The law firm's highly trained attorneys and professional collectors currently manage more than \$10 billion in delinquent federal, state, and local government receivables, collecting in all 50 states and U.S. territories and possessions.

LGB&S currently **employs over 1,600 employees** that include 121 partners and attorneys, our Information Technology Group (over 120 personnel), and our call centers (employing more than 370 professional collection staff nationwide).

LGB&S has been part of the North Texas community for the past 25 years. Since 1983, LGB&S has maintained an office in **downtown Dallas in the Univision Center**. This office employs **113 professional staff**, including 13 attorneys.

Linebarger Goggan Blair & Sampson, LLP Texas Office Locations



COLLIN COUNTY PRESENCE

MANAGEMENT TEAM

DeMetris Sampson is the **Managing Partner** of the North Texas Office and a member of the law firm's **Management Committee**. Ms. Sampson is responsible for general oversight of the North Texas office and formulates and implements policy regarding legal (tax and litigation), fines and fees, legislative, client and equal opportunity matters. Ms. Sampson is Chair of the firm's Legislative Committee, and former chairperson of the firm's Management Committee. She is active in a variety of business, legal, community, civic and political endeavors. She is a 21-year veteran of the law firm.



*DeMetris Sampson, Managing Partner &
Nancy Primeaux, Regional Manager*

Nancy Primeaux serves as the law firm's **Regional Manager** and has overseen the operations of LGB&S in North Texas since 1986. She manages the staff of collectors, researchers, and litigation professionals that has earned an award-winning reputation for their collection services to our clients. She is responsible for work plan development, client relations and reporting. Prior to joining LGB&S, Ms. Primeaux served as the Tax Assessor-Collector for the City of Dallas and Dallas ISD.

Partner **Tracy Pounders**, serves as the **Responsible Attorney** for the City of Frisco, and **Sally Stephens, Client Liaison**, coordinates our day-to-day activities on behalf of the City of Frisco, and deals directly with taxpayers. We credit much of the excellent results we have achieved for the City of Frisco to their direct, "hands-on" approach to personally working with your delinquent taxpayers to resolve issues and obtain payment.



*Partner, Tracy Pounders (right), reviews a file with
Client Liaison, Sally Stephens (left)*

A **ten-person attorney/manager team** serves the City of Frisco and has direct responsibility for supporting your collection, litigation, post-judgment and bankruptcy programs. These key individuals are listed on the following page.



CLIENT CONTACT INFORMATION

CITY OF FRISCO

| DALLAS OFFICE | | | |
|--|------------------|----------------------------------|------------------------------|
| Univision Center 2323 Bryan Street, Suite 1600 Dallas, Texas 75201 | | | |
| Telephone Numbers | | | |
| Main Office | | (214) 880-0089 or (469) 221-5000 | |
| Collections Department | | (214) 880-0076 | |
| Toll Free | | (800) 441-0960 | |
| Fax Numbers | | | |
| Main Office | | (214) 754-7167 | |
| Bankruptcy Department | | (469) 221-5003 | |
| Contact List | | | |
| <i>Title</i> | <i>Name</i> | <i>Telephone</i> | <i>E-Mail</i> |
| Managing Partner | DeMetris Sampson | (214) 880-0089 | DeMetris@publicans.com |
| Regional Manager | Nancy Primeaux | (469) 221-5055 | NancyP@publicans.com |
| | | <i>mobile</i> (214) 616-7402 | |
| Partner/ Responsible Attorney | Tracy Pounders | (469) 221-5053 (469) 438-2454 | Tracy.Pounders@publicans.com |
| Client Liaison | Sally Stephens | (469) 221-5045 | Sally.Stephens@publicans.com |
| | | <i>mobile</i> (214) 886-6289 | |
| Bankruptcy Partner | Beth Weller | (469) 221-5075 | BethW@publicans.com |
| Operations Manager | Peggy McCormick | (469) 221-5060 | PeggyM@publicans.com |
| Collections Manager | Gary Coleman | (469) 221-5010 | GaryC@publicans.com |
| Litigation Manager | Gloria Holmes | (469) 221-5080 | GloriaH@publicans.com |
| Post Judgment Manager | Traynard Jackson | (469) 221-5058 | Tray.Jackson@publicans.com |
| Bankruptcy Manager | Karen George | (469) 221-5070 | Karen.George@publicans.com |

TEAMS & RESOURCES COMMITTED TO THE CITY OF FRISCO

The North Texas Regional Office of LGB&S is staffed by over one hundred tax professionals who provide support for our City of Frisco collection program.

Our office maintains a **toll-free telephone number, (800) 441-0960**, in order that property owners may contact us at no expense. We employ **twenty bilingual individuals** who are available to assist Spanish-speaking taxpayers. We employ a **twenty-one person phone bank** of professional collectors and researchers that make personal contact with delinquent taxpayers to collect delinquent taxes. All our mailings are supplemented by telephone calls to delinquent taxpayers in order to encourage prompt payment or resolution of their delinquent accounts. Our staff is trained to handle difficult taxpayers in a professional manner that will generally result in positive collections for our clients. **Each year our collectors handle more than 45,000 telephone calls.**

Our collection program is supported by a four-person unit of **litigation collectors** dedicated to making outgoing demand calls to property owners and lienholders after a lawsuit has been filed. These litigation collectors locate and contact taxpayers that have been sued to expedite resolving the lawsuit over the phone by securing payment, rather than more slowly through the court system. This specialized litigation collection program has resulted in over **\$9 million in delinquent tax collections** for our North Texas clients in the last twelve months.



Litigation Manager, Gloria Holmes (standing), and members of the Dallas Office Litigation Department

Our Litigation Department is comprised of six attorneys, one contract attorney, and twenty-eight legal assistants who are responsible for preparing and disposing of all tax litigation handled by our North Texas office. Since 1988, we have **filed 336 lawsuits representing \$318,623 for the City of Frisco**. Currently, **71 accounts** are in a litigation status, representing **\$286,806 (base & p&i)** due to the City.

Our **Bankruptcy Department**, headed by partner **Beth Weller**, is staffed by **four attorneys and fifteen legal assistants**. Our bankruptcy team provides complete legal services and representation to our clients in all bankruptcy courts within the continental United States. This group processes all proofs of claim, prepares and files all necessary documents, and represents clients at creditor meetings and/or in bankruptcy court. **In Frisco, we are currently protecting the City's interests in 158 pending bankruptcies owing \$141,537 (base & p&i) to the City.**

One of our most successful collection initiatives is our **"Business Personal Property Site Visit Program"**. Our law firm's intensive "collections blitz" includes personal site visits to businesses and the posting of **"Intent to Seize"** notices. As soon as the delinquent tax roll is turned over to our law firm in April, we begin targeting, placing personal telephone calls, and performing site visits to determine the company's assets, ability and/or willingness to pay, and posting notices of our "Intent to Seize".

Since July 2007, we have knocked on **24 doors** in Frisco, seeking to collect the taxes or to set up short-term payment agreements. This past year we targeted **24 businesses owing \$18,824 to the City of Frisco**, and successfully **collected \$4,396** due to the City.



Collector Armando Rodriguez reviews a site visit with Partner, Michael Deeds (middle), and Partner, Tracy Pounders (far right).

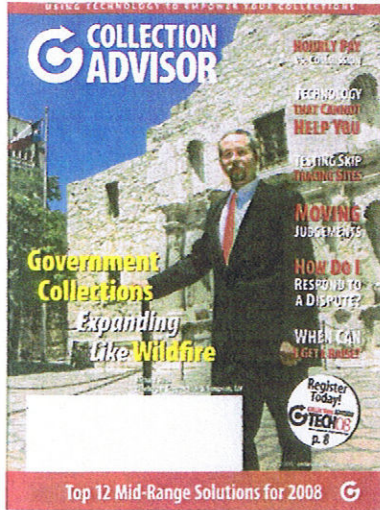
Businesses often move or relocate without the property taxes being paid, and our team of business personal property collectors spend countless hours in the field, contacting and calling taxpayers to work out details for the successful payment of their tax obligations. Experience has proven that direct taxpayer contact is the key to collecting these types of delinquent accounts.



Bankruptcy Partner Beth Weller (top left) and Bankruptcy Manager, Karen George (top right); discuss a claim with members of the Bankruptcy Department

DELINQUENT TAX TECHNOLOGY

For almost thirty years, LGB&S has pioneered the use of technology to reshape the delinquent tax collection industry. LGB&S has invested more than \$25 million to develop the very latest data processing and communications technology available. LGB&S was one of the first



delinquent tax collection law firms to recognize and design processes that allowed us to utilize state-of-the-art technology to collect delinquent taxes, perform research and file lawsuits, while at the same time support our clients' operations. Our technology center is housed in San Antonio, where the majority of our development and processing takes place. This group, headed by Rick Haass, consists of **120 information technology specialists that support our statewide network of offices.**

Rick Haass appeared on the cover of the July 2008 edition of Collection Advisor as an industry expert profiled in the article entitled: **"Government Collections Expanding Like Wildfire."** This article featured our law firm and our leading edge approach to technology as a collections tool for governments.

ON-LINE ACCESS AND COMPUTERIZED LAWSUIT TRACKING SYSTEM

Our North Texas office has direct web-based access (inquiry only) to the **Collin County Tax Office**. We also have on-line access to the **Collin County District Clerk's Office**, and various **bankruptcy courts** throughout the nation. Our users have the ability to access the City's tax amounts through the Collin County Tax System and Court records in order to run tax statements, quote tax amounts due and court costs. We consider ourselves an extension of both the Tax Office and clerk's staffs, and handle calls each day that otherwise would be directed to the Tax Office or Clerk's office. All Bankruptcy Proof of Claims are filed electronically at the Court.

LGB&S has developed a **computerized lawsuit case tracking** (Litool) and **document production system** (Taxtool) and a **bankruptcy tracking system** (Banktool) that enable our attorneys and staff to monitor and dispose of litigation and bankruptcy cases quickly and effectively.

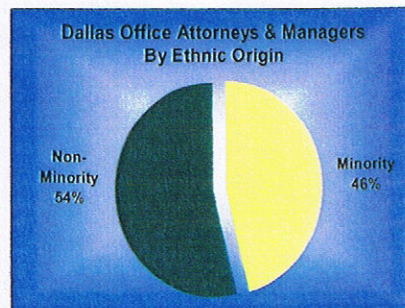
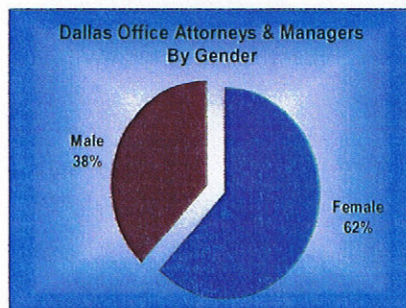
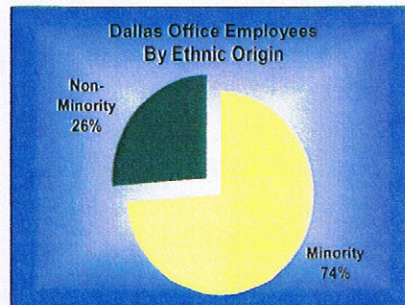
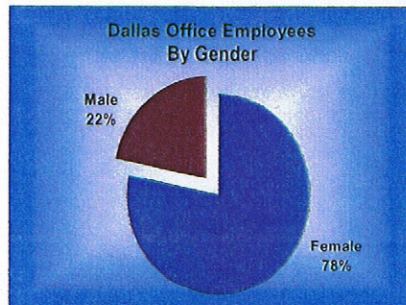
We emphasize not only working hard, but working smart. We use our technology to analyze the tax roll, develop customized work plans, and identify areas where we can maximize the revenue collected for each client. We regularly utilize research and skip-tracing tools on the internet to quickly and accurately locate lien-holders and property owners. Our law firm regularly produces the following products for the City:

- Regular Mailings
- Specialized Listings
- Legal Documents
- Special Mailings
- Tax Roll Analysis
- Litigation Reports
- Lawsuits

COMMITMENT TO EEO & M/WBE PARTICIPATION

EQUAL EMPLOYMENT OPPORTUNITIES

LGB&S believes it is important that our organization be as diversified as the governments that we represent. We are committed to providing ownership and career opportunities for minorities and women at all levels and capacities within our law firm. Our **North Texas office staff is 78% female and 74% ethnic minority**, and the **attorney and management team is 62% female and 46% ethnic minority**.



LGB&S has been **recognized by Texas Lawyer** as “the star” among the top 25 law firms in Texas for creating opportunities for minorities and women. In addition to providing career opportunities through permanent employment, we have also provided a Law Clerkship Program in North Texas each summer since 1987.

MWBE PARTICIPATION

Our law firm is equally committed to supporting Minority and Women Business Enterprises (MWBE). We strive to be part of the communities we represent and make every effort to identify and utilize local minority and women-owned businesses whenever possible.

Each year our law firm spends millions of dollars with minority and women employees, vendors, suppliers and contractors in the delivery of our collection services -- a total of over **\$7 million in 2007**. One sub-contractor, West & Associates, L.L.P., has provided legal support to LGB&S since 1989. Texas Judgment Recovery Company, Inc., a Hispanic owned company, has provided civil process service for over 16 years. TIN Star Litigation Support & Title, a Hispanic female owned company, provides title work.

LGB&S SERVES OUR COMMUNITY

LGB&S has a long history of good community citizenship. We believe that to represent our clients effectively, we must be involved in the communities in which our partners and employees reside. Community organizations supported by LGB&S include:

- **Frisco Police Department (Santa Cops Program)**
- **Frisco Family Services Center**
- **Frisco Cares**
- **Frisco Chamber of Commerce**
- Various Area Chambers of Commerce
- Various City Outreach Programs
- Various Dallas County school district education foundations
- North Texas Rescue Relief Fund (Hurricane Katrina)
- North Texas Food Bank
- Dallas Bar Foundation
- Friends of Fair Park
- UNT Dallas Campus
- YMCA
- Community Police Funds
- Volunteer Fire Departments
- Santa Cop Programs
- Friends of the Library Programs
- Muscular Dystrophy
- Welcome House, Inc.
- School Honor Societies
- Support of Vocational Education Programs (LGB&S hires students each year as part of our support for this program)
- Speaking at area school Career Days
- Numerous other local charitable and community programs

RECENT RECOGNITION

LGB&S has received numerous awards and national recognition for its collection programs throughout the country. In October 2007, the **U. S. Conference of Mayors** announced a **new business alliance** with the law firm of Linebarger Goggan Blair & Sampson, LLP. The USCM President, Mayor Douglas Palmer, stated that “any business that earns three public-private partnership awards with USCM has to be doing something right. And as mayors, we owe it to the vast majority of Americans who pay their taxes and fees on time, and as required by law, to make sure that everyone who can do so is paying their fair share.”





*2001 U. S. Conference of Mayors'
Award for Excellence in Partnership
with the City of Dallas*

LGB&S is proud of this alliance with the U. S. Conference of Mayors and the fact that our LGB&S Dallas office, along with the City of Dallas, was the winner of the **U. S. Conference of Mayors' 2001 Award for Excellence in Partnership** for its tax collection program. Since 1983, LGB&S has collected over \$937.9 million in delinquent tax revenue for the City of Dallas and Dallas Independent School District. We provide the same award winning collection services to the City of Frisco and all our clients.

COMPENSATION

Our fees are not paid by the City of Frisco but by the delinquent taxpayers (as allowed by law). LGB&S provides our comprehensive delinquent tax collection services for a fee in the amount of fifteen percent (15%) of the total tax, penalty, and interest collected by the law firm. Our fees are contingency based which means LGB&S is not compensated until and unless the City of Frisco is paid. LGB&S bears all costs of operations, with the exception of those costs related to publishing citations and notices of sale, which are to be paid by the taxing units as set out in the Texas Property Tax Code.

CONCLUSION

As always, we consider it a privilege to represent the City of Frisco in the collection of delinquent taxes. The partnership that has developed between the City and our law firm has resulted in a truly exceptional collection program. We look forward to continuing to serve you in the collection of delinquent taxes, and to assist the City of Frisco in providing the highest possible level of services to Frisco citizens.

We look forward to discussing this report with you and to answer any questions you may have concerning our collection efforts.

Sincerely,

Nancy R. Primeaux
Regional Manager

Tracy A. Ponders
Partner

cc: Nell Lange, Assistant City Manager, City of Frisco
Anita Cothran, Director of Finance, City of Frisco
DeMetris A. Sampson, Managing Partner, Linebarger Goggan Blair & Sampson, LLP
Sally Stephens, Client Liaison, Linebarger Goggan Blair & Sampson, LLP